

A G E N D A

Herefordshire Schools Forum

Date: **Thursday, 9th June, 2005**

Time: **1.30 p.m.**

Place: **Hereford Education and
Conference Centre, Blackfriars
Street, Hereford**

Notes: Please note lunch will be available from
12.30 pm.

For any further information please contact:

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**County of Herefordshire
District Council**

AGENDA

for the Meeting of the Herefordshire Schools Forum

To: Representatives of the Herefordshire Schools Forum.

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Committee.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 9 February and the reconvened meeting of 7 March 2005.	1 - 6
5. LATE ITEM / ANY OTHER BUSINESS	
6. REVIEW OF HEREFORDSHIRE SCHOOLS FORUM - MEMBERSHIP AND CONSTITUTION To review the constitution of membership to reflect the greater responsibility that the Herefordshire Schools Forum has gained since it was introduced in 2002.	7 - 12
7. CONSULTATION ON NEW SCHOOL FUNDING ARRANGEMENTS To inform Herefordshire Schools Forum of the Council's submission in response to the DfES consultation paper.	13 - 38
8. THE EFFECTIVE PROVISION OF PRE-SCHOOL EDUCATION PROJECT To inform the Forum of the conclusions of this national research project and consider the implications for early years provision in Herefordshire.	39 - 46
9. CHILDREN'S SERVICES FINANCIAL PLANNING A) Section 52 2005/06 Budget B) Medium Term Financial Plan 2003/06 C) Greater Delegation to Schools – an oral report to seek the views of the Forum members.	47 - 66
10. MANAGING SCHOOL BALANCES To review the Audit Commission data on school balances and in light of the	67 - 80

	school balances at March 2005, consider the options available as part of the introduction of three year budgets for schools.	
11.	GERSHON EFFICIENCIES IN SCHOOLS	81 - 84
	To inform the Herefordshire Schools Forum of the efficiency savings that DfES is intending schools to deliver as part of the wider implementation of the national Gershon efficiency savings.	
12.	NEWSLETTER - CHANGE FOR CHILDREN IN HEREFORDSHIRE	85 - 92
	To discuss the timetable for the Joint Area Review of Children's Services.	

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Section Heads will call the roll at the place of assembly.

Herefordshire Schools Forum

Minutes of a meeting of the Forum held at the Hereford Education and Conference Centre on Wednesday, 9th February 2005 at 1:30pm.

Present:

Non-school members Rev Ian Terry, C. Lewandoski, B Ashton – Chairman of Scrutiny

School representatives I Foster, Mrs J S Powell, R Thomas, A Marson, Mrs P Jewkes, Mrs A Mundy

Also in attendance Ms S Fiennes – Director of Children’s Services
T St. George – Head of School Effectiveness
G Salmon – Head of Policy and Resources
D Rule – Cabinet Member for Children’s Services
M Chamberlain – School Services Manager (acting as clerk),
M Green – Manager of LMS & Planning
D Keetch – Assistant County Treasurer
A MacArthur – Administrative Officer
F Wood – Workforce Reform Advisor
Mrs R Sinfield – Childcare Manager

Observer J Pritchard – NUT

1. Apologies for Absence

Apologies were received from Mrs C Potts, Mrs M Hayward and P. Cosgrove.

2. Membership

The Clerk reported that Mrs C. Potts had offered her resignation and was being substituted by Mrs A. Mundy. – Headteacher of St. James’ CE Primary School, Hereford.

3. Declarations of Interest

No declarations were reported.

4. Minutes of meeting held on 2nd December

The minutes of the previous meeting, copies having been circulated were approved and signed by the Chairman after John Pritchard was recorded as being a school representative not an observer.

5. Matter arising from the Minutes

i) Development of Cedar Financial System

The Manager of LMS and Planning reported that there had been IT technical problems with regard to firewalls. He added that Martin Fowler would purchase a new Firewall before March 2005 following a meeting of the IPG group. The project could now proceed as planned.

ii) Teachers Workload Agreement

I Foster expressed concern over the wording within the minutes regarding schools determining their own points. Fiona Wood agreed that this was not in the spirit of workload agreement as determined.

LMS Consultation

It was agreed that the issues regarding greater delegation should be discussed at the scheduled meeting in June. It was felt that discussion on greater delegation would inevitably form part of the training session to be held by George Phipson.

6. Workforce Reform

Fiona Wood gave a verbal report on the current position. In particular she stated that 4 training days had been organised – 3 for Primary and Special and 1 for High Schools. She added that overall there had been 90% attendance.

She expressed concern at the problems of workforce reform both in small schools and the Council's Music Service. In respect to the Music Service it was noted that PPA had to be implemented and this was confirmed by NRT; which will either increase costs to schools or reduce the tuition times. Andrew Marson expressed concern at the possible implications of changes to the music service and asked whether a workforce grant was available for next year. In response Ted St. George gave details of the grants that had been allocated to the authority.

'Grant 25 re Workforce Reform for 2004-2005 was £170,238 and for 2005-2006 it is £168,666 which is a slight decrease. This grant is 100% grant funded and supports the salary costs of the Workforce Reform Adviser and training to ensure schools are on target to implement PPA (Planning Preparation and Assessment) time from September 2005. Much of the grant has been devolved to schools for pump priming. In 2005-2006 the grant has also to support HLTA (Higher Learning Teaching Assistants).'

7. LMS Consultation Results 2005

The Manager of LMS and Planning circulated a summary of 2005 consultation results and requested that the Forum consider each topic and make appropriate recommendations for him to action.

1. Use of available headroom – agreed Option B.
2. Take-up of standards fund grant – approved.
3. Differential funding for job evaluation – to be discussed under agenda item.
4. Delegating the contingency for insurance – approved (Mr R. Thomas requested information on likely increases in percentage terms for next few years. David Keetch to liaise with the Council's Insurance Officer and provide details).
5. Delegating centrally funded SEN support staff – approved.
6. Part-time attendance of special school pupils – approved.
7. Reduction in small school protection.
Items 1 and 2 approved – it was agreed that the working party should be reconvened and that a decision on items 3 and 4 shall be determined after the working party had met.
Mr R Thomas asked whether fixed costs could be determined. In response the Manager of LMS and Planning stated that the figures for St. Mary's of Hope CE Primary was £60,000.
8. Key Stage 1 class size grant – approved.
9. Increase SEN bands above inflation – approved.
10. Two tier level of funding for special schools – approved.
11. Formula factors for PFI projects – to be considered at a future meeting.
12. Service Level Agreement for Creditors/VAT and external bank account support services – approved.

8. Nursery Education Funding

Mrs Ruth Sinfield, Childcare Manager was invited to address the meeting with particular regard to the budget proposal to transfer £200,000 of underspend. She stated the following:

1. Universal funding for N.E.F. has been reached according to our statistics and monitoring. I recognised that the budget settlement was generous this year but anticipated difficulties in following years because of the Government's Childcare Strategy where the scheme is to be developed and will have large resource issues.
2. The E.F.S.S. funding is allocated in the school block, so it seemed important that if the Schools Forum was the consultative body, that Early Years was represented.
3. Grant funding for childcare, early education and family and health support has been increasing through Sure Start initiatives for some years. It is important that there is some cohesion with this funding and E.F.S.S. funding so planning for delivery is considered holistically. This is not the position at the moment but will become more important as budgets from the DfES are mainstreamed. There are transparent planning processes in place through the EYDCP so my recommendation is to use these processes for all Early Years matters.

The Manager of LMS and Planning added that a funding strategy for early years should be developed and be considered by the Schools Forum at a future meeting. In relation to EYDCP being a member of the Schools Forum the Clerk stated that this was not possible within the Statutory Instrument, however, they could be invited as an observer but without voting rights.

9. Schools Budget

The Manager of LMS and Planning circulated a report detailing the proposed budget prior to formal approval by Council on 11th March 2005.

In addition he submitted an eight-page breakdown of general information explaining the budget proposals for 2005-2006.

Under central costs, discussion took place on whether the budget reduction of £20,000 for ESS should be accepted. Both Ted St. George and Malcolm Green gave information on this topic, which indicated that ESS had not spent their budget allocation in recent years and therefore it seemed appropriate to adjust the budget to reflect this situation. The money would be delegated to schools and be available to meet any increased charges from ESS in the new year. School representatives generally felt strongly the funding should be delegated and that ESS should only receive funding for work done in schools and not through an LEA subsidy.

The Forum were also advised of changes to Ofsted arrangements where school meals and SEN statistics were no longer being considered. The question was put whether this factor would change the LMS scheme. The Manager of LMS and Planning indicated that he would check this point.

The Forum agreed to endorse the 2005/2006 budget proposals as submitted and voted unanimously to accept that the £20,000 should be reduced for ESS and delegated to schools.

10. Funding Job Evaluation in Schools

The Manager of LMS and Planning submitted his report outlining methods of distributing funds to schools. The Forum considered the report and made the following decisions based on four recommendations listed in the report.

- (a) £482,000 should be carried forward and allocated according to Option B for primary schools and Option C for secondary schools.

- (b) Funds to be re-allocate by the Directorate but must be sorted before budgets are allocated to schools. Under no circumstances would funds be clawed back for budgets already issued to schools.
- (c) and (d) Those two recommendations should be delayed to allow Forum members more time to consider the options. Item for consideration at the June meeting. The Manager of LMS and Planning asked members to write to him with any views before the June Meeting.

11. Review of Charges

The Head of Policy and Resources submitted the report which outlined charges/allowances made for transport, music tuition and free school meals. The Forum decided to consider the Free School meals charges only leaving the other two items for a future meeting – possibly a discussion prior to the training day on 7th March.

With regard to Free Meals the Forum noted the allowances paid in other authorities and the budget implications of £32,000, £58,000 and £93,000 respectively. Following an assurance by the Manager of LMS and Planning that he could find £58,000 within the existing budget proposals it was agreed to approve Option B - £1.25 for primary and high schools and £1.50 for special schools.

12. Threshold Performance Grants for 2005/2006

Mary King, Staffing and Appointment Officer submitted her report outlining that Herefordshire had received £3,015,784 in grant allocation and recommended one of the following options.

- (a) single payment fro 205/2006 based on teacher numbers in April, 2005, or
- (b) two payments, one in April for 5/12 of the funding based on teacher numbers employed in April and a final payment of 7/12 of the funding based on teacher numbers employed in September.

Mr Lewandoski expressed concern at the unfairness of the proposed distribution of funding. It was his view that the funds should be allocated on a percentage basis of UPS1, UPS2, UPS3 and Leadership payments.

Following a discussion the Forum decided that the Staffing and Appointments Officer needed to provide additional information including detailed data on Mr Lewandoski's proposals. It was agreed that this item could be discussed prior to the training day on 7th March.

13. Mileage Allowance for Teachers

Nick Austin, Directorate Personnel Officer submitted his report and stated that following conclusion to the single status terms and conditions it was appropriate to abandon the current rates and introduce the recommended Inland Revenue business mileage rate.

The Forum supported the recommendation based on the following arrangements.

- Up to 10,000 miles per annum – 40p per mile
- Over 10,000 miles per annum – 25p per mile
- An additional 5p per mile if carrying passenger(s)

At this point the Clerk adjourned the meeting because it was not quorate. He advised the members that the meeting would resume on the 7th March to discuss item 11 and 12 prior to the training session.

continued/...

Minutes of a reconvened Forum meeting held at the Hereford Education and Conference Centre on Monday, 7th March 2005.

Present:

Non-school members C. Lewandoski, B Ashton – Chairman of Scrutiny

School representatives I Foster, Mrs J S Powell, R Thomas, A Marson,

Also in attendance G Salmon – Head of Policy and Resources
D Rule – Cabinet Member for Children’s Services
M Chamberlain – School Services Manager (acting as clerk),
M Green – Manager of LMS & Planning
A MacArthur – Administrative Officer

Observer J Pritchard – NUT

14 Apologies for Absence

Apologies were received from R. Aird, Mrs P Jewkes, Mrs M Hayward, Mrs M Mundy, P. Cosgrove, D. Keetch, Ted St. George.

15 Membership and Constitution

The Clerk reported that Mrs P. Jewkes and S. Boka, Governor would be resigning from the Forum. He added that the secondary school sector now had only one representative and in this respect he had advised H.A.S.H. to consider the appointment of a Deputy Head or Bursar.

The Manager of LMS and Planning indicated that the Forum would be gaining new powers and it was important that schools have representatives to consider important budgetary decisions. This view was supported by the Cabinet Member who indicated that many committees were only advisory but that the Forum would be assuming a more executive role.

16 Review of Charges

The Head of Policy and Resources continued with his report that he submitted on 9th February, 2005. With the Free School Meals charges having been agreed as Option B he covered the remaining two items –

- a. Discretionary transport (VSPS) and
- b. Music Tuition

In respect to VSPS the Head of Policy and Resources outlined current cost saving exercises relating to contractor charges and reductions of the number of buses. He added that the subsidised figures did not match actual costs which were in the region of £2 per day (£380 per year).

The Forum noted the recommendations and supported the proposal to increase as follows for 2005/2006.

Post 16 students - £85 and £25 (pupils entitled to free school meals)
Vacant seat scheme - £100 and £35 (pupils entitled to free school meals)

The Head of Policy and Resources then submitted proposals for increases in Music Tuition fees and was supported by Mrs MacArthur who gave details of costs in other LEAs and also made the point that the service was being subsidised.

Andrew Marson expressed concern at a possible rise in costs especially as many parents were paying less to the private sector estimated at £15 per hour. Mr Marson indicated that the service might be good for money but the Council needed to monitor the future take up if the charges were increased.

The Forum agreed that the fee should increase to £24 per hour but requested that a report be submitted to the October, 2005 meeting when information on take up would be known.

17 Threshold and Performance Related Pay Grant for 2005/6

Mary King, Staffing and Appointment Officer submitted a revised proposal based on each individual element of the grant in addition to the original proposal considered at the meeting on 9th February, 2005. In particular she highlighted how the revised proposal would allocate the £3,015,809 by staff category.

Mr Marson and Mr Foster both expressed the view that the original system based on a set amount per full-time equivalent teacher and a single payment for the full year (detailed in Agenda Item No 9) was easier to understand and they recommend staying with the original scheme but reviewing the position in the future. Mr Lewandoski repeated his opinion that the new proposals were fairer in its allocation to schools and recommend that the alternative scheme should be adopted.

The Manager of LMS and Planning commented that he expected the Threshold and Performance Related Pay Grant to be absorbed into core EFSS funding as part of the introduction of the Dedicated Schools Grant from April 2006 and it would be an option to allocate on pupil numbers.

On being put to the vote the original scheme (agenda item number 9) received four votes and the revised scheme (agenda item number 4) one vote. The forum therefore, recommend the original scheme as submitted in February, 2005.

18 Forum Training Session

The members of the Forum received a training session led by George Phipson, NAHT, details of his training document are attached to the signed minutes.

Chairman.....

Date.....

REVIEW OF SCHOOLS FORUM – MEMBERSHIP AND CONSTITUTION

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE 2005

Schools Affected

All schools

Purpose

1. To review the constitution of membership to reflect the greater responsibility that the Schools Forum has gained since it was introduced in 2002.

Financial Implications

2. The statutory regulations require the LEA to pay reasonable expenses to members of the Forum. There will be additional costs, especially on supply cover, for the increased school members.

Report

3. It was apparent from the training session from George Phipson, NAHT, that the Schools Forum would have an increased role in the management of the Schools Budget.
4. When the membership was set up in October, 2002 the Council decided to establish a committee with the minimum number of members. (15)
5. The revised membership recommends an increase in the Forum to 20 members based on the details defined in the Schools Forum (England) Regulations 2002. In addition the number of primary and secondary representatives has been adjusted to reflect the changed pupil numbers in the primary and secondary section. The revised membership also suggests the following:

that the four non-school members should have two teaching representatives – one primary and one secondary.

that the secondary schools' representation should include a Deputy nominated by HASH and a Bursar or School Manager with specific responsibility for education finance.

the Forum should also allow named substitutes.

RECOMMENDATION

THAT: the Forum is invited to consider the revised constitution and membership and recommended additions/amendments as appropriate.

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

HEREFORDSHIRE SCHOOLS FORUM MEMBERSHIP AND CONSTITUTION

Introduction

The Schools Forum is established by virtue of 47A of the School Standards and Framework Act 1998 (as amended by the Education Act 2002).

Function

The Schools Forum will have several main functions as listed below, but may also consult on other items that the LEA deems appropriate. Details are defined in the Schools Forum (England) Regulations 2002.

- ◆ To be consulted on changes to the LEA's school funding formula
- ◆ To be consulted on contracts for supplies or services where the value exceeds the prescribed threshold for procurement
- ◆ To be consulted annually on financial issues
 - (a) the arrangements to be made for the education of pupils with special educational needs;
 - (b) arrangements for the use of pupil referral units and the education of children otherwise than at school;
 - (c) arrangements for early years education;
 - (d) arrangements for insurance;
 - (e) prospective revisions to the authority's scheme for the financing of schools;
 - (f) administrative arrangements for the allocation of central government grants paid to schools via the authority; and
 - (g) arrangements for free school meals.
- ◆ To be consulted on any matters related to the Schools Budget which the LEA deem appropriate
- ◆ To be consulted on any matters connected with the LEA Budget or capital expenditure which the LEA deem appropriate

Membership

The Herefordshire Schools Forum will have 20 members elected as follows:

Non - School Members (limited to 20% of total)

- ◆ LEA Chairman of Children Services Scrutiny Committee or its successor (ex officio)
- ◆ Anglican Diocese/
Roman Catholic One member appointed jointly by the Hereford Diocesan Board of Education and the Archdiocese of Cardiff
- ◆ Archdiocese
- ◆ Teaching staff
representative Two staff representatives (one primary and one secondary) on Children Services Scrutiny Committee or its successor (ex-officio from among the elected representatives of the Scrutiny Committee).

Schools

- ◆ The school members must be headteachers or governors
- ◆ Special Schools One member appointed by the four special schools
- ◆ PRUs One member appointed by the Management Committee of the Pupil Referral Service

- ◆ Secondary Schools (10500 pupils) Six members appointed by the 14 High Schools of whom at least one must be from a voluntary aided school and at least one must be a governor (other than a Headteacher)
- ◆ Primary Schools (13,000 pupils) Eight members to be appointed, of whom at least two must be from a voluntary aided school and at least one must be a governor (other than a Headteacher)

It is recommended that the primary representatives should be from schools of varied size and in relation to the secondary sector the appointment could include a Deputy Headteacher (appointed by HASH) or a School Bursar/Senior Manager with specific knowledge on education finance

Additional Members

The Forum will invite a representative from the local Learning and Skills Council to have observer status together with a representative of the Early Years and Childcare Partnership who will have advisory status as it relates to early years provision.

Tenure of Office

Members of the Forum will serve for a period of three years subject to their remaining eligible. After three years the individual may decide to stand down or be replaced by the nominating group. There is no restriction on the number of consecutive terms of office an individual may serve.

A member may resign from the committee at any time, with a replacement serving the remainder of the full term. Any member missing 3 consecutive meetings of the Schools Forum, without a reason acceptable to the Forum, will cease to be a member.

Substitutes

Each nominating group may arrange for a substitute to attend when its normal representative cannot do so. That arrangement is designed to ensure that groups can always be represented, though it is important for there to be as much continuity as possible from one meeting to the next. The named substitute must hold the appropriate qualification for membership.

Chairman

The Chairman of the Committee will be elected from amongst the representatives and the term of office will be considered annually at the first main meeting in each school year.

In the absence of the Chairman, the meeting will elect a Chairman for the meeting.

Calendar of Meetings

The Committee will meet at least three times per annum (subject to business).

Timings of Meetings

Meetings will start at times acceptable to the Committee, and will normally be limited to two hours duration.

Quorum

The Quorum for the Schools Forum will be 40% of the approved membership (i.e. at least 8 out of 20). Vacancies will not be included in the calculation of the quorum.

Convening and Notice of the Meetings

All meetings will be convened by the Clerk who is an officer appointed by the County Secretary and Solicitor but subject to the approval of the Forum. Written notice of meetings and the agenda will be sent to members of the Committee at least 7 clear working days before the meeting

Non-receipt by any members of notice of a meeting will not invalidate the meeting.

Agenda

The Clerk will prepare the Agenda in consultation with the Chairman of the Forum and the Manager of LMS and Finance or his nominee.

Any member of the Committee may place items on the agenda by notice in writing to the Clerk received at least 10 clear working days prior to the meeting.

Papers relating to the agenda items will be sent to members with the agenda. The Chairman may agree that papers should also be tabled at the meeting.

Late Items/Any Other Business

Immediately before the minutes of the previous meeting have been approved, members should inform the meeting of any item they wish to raise under any other business. The meeting will decide whether any items so identified may be raised under any other business or whether it should be deferred to a subsequent meeting.

Minutes of Meeting

The Clerk will draft minutes of meetings, including a record of persons attending. These draft minutes will be sent to the Chairman as soon as possible for initial approval.

The draft minutes of the meeting will be considered for approval or amendment at the start of the following meeting. Any dissenting view will be recorded in the minutes of the meeting, if that is the wish of one or more members present.

Decision Making

Decisions on recommendations to the Council should normally be made through consensus.

In the event of an item receiving two separate motions, simple majority voting with each representative entitled to one vote would resolve the matter. The Chairman will have the casting vote in the event of a tie.

The LEA will take the views of the Forum into account before finalising the arrangements on which the Forum has been consulted.

Public access to meetings of the Schools Forum

Meetings of the Schools Forum are open to members of the Public who may submit written questions provided they reach the Clerk at least 48 hours before the relevant meeting. Meetings are required to adhere to the requirements of the Council's Standing Orders in relation to Committees.

Members' Expenses

The LEA will pay reasonable expenses of members of the Forum including travel subsidence and supply cover for the school representatives.

CONSULTATION ON NEW SCHOOL FUNDING ARRANGEMENTS

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE, 2005

Schools Affected

All Schools

Purpose

1. To inform Schools Forum of the Council's submission in response to the DfES consultation paper.

Financial Implications

2. The results of the consultation exercise will influence government policy on the mechanics of school funding which will affect all schools for many years to come.

Report

3. The Council's response has focused primarily upon the technicalities of school funding as set out in the consultation paper and specifically drawing attention to concerns about the reliability of forecasting pupil numbers over a three year period and the proposal to base school budgets on forecasted numbers with the likelihood of a year end clawback. Herefordshire schools have consistently wanted certainty of funding and this is reflected in the LMS formula.
4. The DfES have issued a 2 page summary, attached for information, a short 32 page summary of the proposals and a full 72 page consultation paper together with a 27 page response form. Copies of the 32 page summary version and the response form were sent to all schools on the 10th March so that schools would have plenty of time to consider the proposals and respond directly.
5. The key issues identified for schools to consider were:
 - i. Three year budgets for schools – is it helpful to have indicative, estimated, firm and final budgets over a three year period as an aid to school planning?
 - ii. Academic year budgets – should the academic year budget be based on pupil numbers fixed at the previous January pupil census or should the budgets be based on forecast pupil numbers and adjusted retrospectively at the year end?
 - iii. Minimum funding guarantee – is it helpful that the guarantee continues albeit at a lower fixed percentage or does it distort local decisions regarding Herefordshire's own funding formula?
 - iv. A copy of the technical response to the 35 consultation questions is attached. This has been submitted to the DfES to comply with their 13th May deadline.

RECOMMENDATION

THAT:

- (a) the Council's response be noted;
and
- (b) Herefordshire Schools Forum highlights any issues that will need to be considered carefully during the implementation prior to April 2006.

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

CONSULTATION ON NEW SCHOOL FUNDING ARRANGEMENTS

The government's proposals for new school funding arrangements to be introduced from April 2006 were first announced in the Five Year Strategy for Children and Learners, published in July 2004. The Strategy proposed:

- A new ring-fenced grant for school funding from DfES to local authorities.
- Three year budgets for all maintained schools, geared to pupil numbers and with a guaranteed minimum increase each year for every school.
- A new single standards grant, simplifying and streamlining current standards-related funding streams.

Since July the Department has been working with national partners, including representatives of headteachers, school governors and local authorities, on detailed proposals for delivering these commitments. These proposals are now set out in the school funding consultation document which was launched on 17 February 2005.

Summary of Proposals

The proposals contained in the consultation document include three broad changes to the current school funding system to be introduced from April 2006.

A change to the way central government provides funding for schools to local authorities

From 2006-07, funding for schools will be provided through a new grant (the Dedicated Schools Grant, or DSG) from the Department for Education and Skills to each local authority, instead of through general local government funding. Grant allocations will cover a three year period (or two years in the years between Spending Reviews), will be provided on both a financial and academic year basis, and will be updated as pupil numbers change. For schools the benefits will include the possibility of three-year budgeting and the guarantee of receiving nationally planned increases in school funding. The key features of the DSG will be:

- It will cover the same funding as the current Schools Formula Spending Shares (SFSS) and will be distributed according to essentially the same formula, though with some minor technical changes. It will include funding delegated to individual schools and funding for other pupil provision which is retained centrally by the local authority.
- Transitional arrangements will be put in place to ensure that no authority receives less than its current spending on schools, and every authority receives a reasonable increase in grant each year.
- The grant cannot be used for any purpose other than school funding. The existing "passporting" regime will no longer be needed.

- It will not change local authorities' responsibilities for distributing funding to schools according to local needs and priorities.

Three year budgets for schools aligned to the academic year, to support effective long-term planning

With three year budgets, schools will have greater certainty and predictability in their funding, and this will enable more effective, longer term financial planning and management which can be integrated with school improvement planning.

We are proposing that three year budgets for schools will be updated as pupil numbers change so that funding reflects the number of pupils actually in school in the year in question. The consultation paper asks for views on whether other data used to calculate schools' budgets should also be updated from year to year.

Streamlining of current standards-related grants from DfES to schools

A new Single Standards Grant will bring together current Standards Fund and other grants to schools. Schools will be free to spend the grant on their own improvement priorities, as discussed with their School Improvement Partner. This will give schools more discretion over the use of the new grant with fewer conditions and reporting requirements so that they can focus on pupil level outcomes.

The Single Standards Grant will be distributed through a new formula introduced in two stages and with protection to ensure a stable transition to the new arrangements for all schools.

We propose to retain some separate targeted and ring-fenced grants to schools such as Targeted Improvement Grant and Ethnic Minorities Achievement Grant. The consultation document asks for views on whether the existing School Standards Grant should be merged into the new Single Standards Grant.

About the consultation:

The consultation period will run for 12 weeks until 13 May 2005.

If you would like a copy of either of the main consultation document or of the summary which is available, they can be downloaded shortly from www.dfes.gov.uk/consultations. Alternatively, hard copies can be requested by e-mail from SchoolFunding.Consultation@dfes.gsi.gov.uk, or by telephone to 0845 602 2260.

Consultation on new school funding arrangements from 2006-07

Consultation Response Form

The closing date for this consultation is: 13 May 2005
Your comments must reach us by that date.

department for

education and skills

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The information you send to us may need to be passed to colleagues within the Department for Education and Skills and/or published in a summary of responses received in response to this consultation. We will assume that you are content for us to do this, and that if you are replying by e-mail, your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system, unless you specifically include a request to the contrary in the main text of your submission to us.

The Department may, in accordance with the Code of Practice on Access to Government Information, make available on public request, individual consultation responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

Please tick if you want us to keep your response confidential.

Name MALCOLM GREEN
Organisation (if applicable) HEREFORDSHIRE COUNCIL
Address: CHILDREN'S SERVICES DIRECTORATE
PO Box 185
Blackfriars St
Herefordshire Council
HR4 9ZR

If your enquiry is related to the policy content of the consultation you can contact:

e-mail: SchoolFunding.Questions@dfes.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Consultation Unit on: Telephone: 01928 794888; or Fax: 01928 794 311

e-mail: consultation.unit@dfes.gsi.gov.uk

Please tick one of the boxes that best describes you as a respondent

<input checked="" type="checkbox"/> Local Authority	<input type="checkbox"/> Schools Forum	<input type="checkbox"/> Teacher Union
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Headteacher Association	<input type="checkbox"/> School
<input type="checkbox"/> Headteacher	<input type="checkbox"/> Bursar	<input type="checkbox"/> Governor
<input type="checkbox"/> Teacher	<input type="checkbox"/> Parent	<input type="checkbox"/> Other

Please specify:

This response has been endorsed by the Chair of the Schools Forum

Three year budgets for schools - financial framework

1 Do you agree that it would be helpful to schools to receive forward budget information for at least two academic years as well as at least two financial years to aid forward planning? (*Paragraphs 18-21 in the full consultation document; 15-17 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

We agree it would be helpful for schools to receive forward budget information. However, the information is only as good as the three year projection of pupil numbers. For large secondary schools this should be possible within a reasonable tolerance given the known pupil numbers in in take primary schools. However, it is likely that for small primary schools in a rural authority such as Herefordshire pupil forecasts will be significantly inaccurate such that three year forward budgets will have relatively little value and at worst could be positively misleading.

2 Are there other ways in which either DfES or local authorities could help to extend schools' ability to plan ahead effectively?

Comments:

Grant funding such as Standards Fund or Childcare Grants distort the true base budget for schools and their associated spending plans by introducing significant uncertainties as to what happens at the end of the grant if funding is not renewed. The transfer of short term grant funding to core base budget for LEA's to distribute would be a welcome improvement.

3 Which funding year would be the most helpful for giving schools funding information for the academic year: August to July or September to August? (*Paragraph 22 in the full consultation document; 19-20 in the summary*)

<input type="checkbox"/> August to July	<input checked="" type="checkbox"/> September to August
---	---

Comments:

Herefordshire has 102 schools and only four of which have sixth forms. Given that teacher contracts currently run from September to the end of August we feel it would have a disproportionate impact on 98% of our schools to change the funding year so that it would run from August to July. Any such change would require teachers contracts to run also from August to July so that a termination of the contract fits in with the termination of the budget year. We can see a innumerable disputes as to whether the terminating school or the new school should pay for August's salary costs in the event of teachers transferring between schools. A change to August to July cannot have any significant benefit compared to the disproportionate impact and disruption to the vast majority of schools.

4 Do you agree that the approach of having funding increases in September, with funding allocations aligned to the academic year, is sensible? (*Paragraphs 25-28 in the full consultation document; 22-24 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

This is sensible. However, is there an implied requirement for support staff to have September pay increases and fixed for a three-year period?

5 Do you think that the benefits of accounting on an academic year as well as a financial year basis outweigh the extra costs involved? (Paragraphs 29-33 in the full consultation document; 26 in the summary)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Strongly disagree	

Comments:

We do not consider the benefits of accounting on an academic year is worthwhile and further do not see how it would be possible to account on a financial and an academic year on a practical basis. For example it will not be practical to put creditors, debtors and accruals through the Council's accounts at the end of August in addition to the end of March. . There has been no assessment on how this might impact upon schools if at all. If the close down is on a simplistic basis such as the current declaration for standards fund that all grant has been spent by the end of August then there would be little cost. However, significant confusion is likely to arise by having a financial close and an academic close for example which set of school balances would be the official figures, those at the end of March or those at the end of August? The potential for confusion abounds.

6 Do you have any further comments on the proposals to give schools three year budgets aligned to the academic year?

Comments:

No comment.

The new Dedicated Schools Grant

7 Do you agree that allocations of Dedicated Schools Grant should be adjusted in response to changes in pupil numbers, rather than being based on the initial pupil numbers used, without updates? (*Paragraph 57 in the full consultation document; 34 in the summary*)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The use of forecast pupil numbers for determining the allocation of the Dedicated Schools Grant will introduce further uncertainty into the system. At the request of schools, - Herefordshire has moved to fixed funding for the financial year based on January PLASC pupil numbers without adjustment in year. This has been at the specific request of schools that welcome the greater certainty for planning that such fixed budgets provide. Retrospective year-end budget adjustments due to changes in pupil numbers would seem to be a retrograde step and will detract significantly from the stated aim of introducing greater certainty into school budgets through three year planning. We agreed with the proposal that pupil numbers should move to up to date pupil numbers based on January pupil accounts. However, we have real concern regarding retrospective budget adjustments should the actual pupil numbers differ significantly from those forecast. Schools, and in particular small rural schools, could be put in difficult situations regarding the claw back of forecasted budget when such funds have already been spent on teachers. For small rural primary schools with an average of 60 pupils, a pupil forecast error of up to six pupils, whilst not many in absolute terms could have a wholly disproportionate impact on the schools budget and certainly introduce greater uncertainty rather than stability.

8 Should allocations of Dedicated Schools Grant continue to use lagged pupil numbers or move to up-to-date actual pupil numbers? (*Paragraphs 58-62 in the full consultation document; 35 in the summary*)

Lagged pupil numbers

Actual pupil numbers

Comments:

See below.

9 If allocations of Dedicated Schools Grant use up-to-date actual pupil numbers, should we continue to use lagged pupil numbers for authorities with falling rolls? (*Paragraph 67 in the full consultation document; 36 in the summary*)

Use lagged pupil numbers for schools with falling rolls

Use actual pupil numbers for schools with falling rolls

Comments:

Falling Rolls is indeed a significant problem and leads to schools building up significant revenue balances in order to cope with a perceived problem. It would seem sensible to give authorities with significant falling rolls some breathing and planning space by using lagged pupil numbers. However, if most LEAs' are in the position of falling rolls does this not imply that DSG would automatically be based on lagged pupil numbers for the vast majority of authorities and makes the answer to question 8 above somewhat irrelevant?

10 Given that pupil numbers will be updated, will it be helpful to fix the unit of resource for the funding distributed to local authorities for the three year period? (*Paragraphs 63-64 in the full consultation document; 37 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

If the level of DSG is set and pupil numbers fixed then fixing absolutely the unit of resource will not automatically balance back to the DSG total. Mathematically some small degree of flexibility for the unit of resource maybe essential in order to set a balanced budget.

11 Do you agree that the non-pupil data indicators should be frozen for the three year period based on an average of the latest actuals? (*Paragraphs 65-66 in the full consultation document; 38 in the summary*)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Strongly disagree	

Comments:

It will be essential that non-pupil data indicators be changed within the three-year period. For example, the building of a new school or a significant extension or changes to the school playing field may require changes to the school budget. The essential connection is that changes to the budget should be in line with changes in cost. A significant example is rates, which most authorities fund at actual and the effect of rates revaluations should not be frozen.

12 How do you think the floor increase should be funded: solely through a ceiling, or through a damping block as well? (*Paragraph 77 in the full consultation document; 40 in the summary*)

Ceiling only

Ceiling plus damping block

Comments:

A floor arrangement is essential and should be funded through a combination of a ceiling and damping block so that all authorities contribute to the cost of the floor.

13 Should there be a cash floor, as well as one on a per pupil basis, built into the system to protect authorities with rapidly falling rolls? (*Paragraph 79 in the full consultation document; 41 in the summary*)

Per pupil floor only

Per pupil floor and cash floor

Comments:

It is essential that authorities with falling rolls are given sufficient time to reduce costs. I have no particular views on the cash floor. However, a degree of fairness is essential across all LEA's.

14 Do you have views on what transitional arrangements are needed to ensure that there is no adverse impact on the rest of the local government finance system when DSG is introduced in 2006-07? (*Paragraphs 86-94 in the full consultation document; 43 in the summary*)

Comments:

Stability for schools must not be to the detriment of the rest of local government funding.

15 Do you have any further comments on the proposals for the Dedicated Schools Grant?

Comments:

No comment.

Three year school budgets: the distribution of funding from local authorities to schools

16 Do you agree that the split in the Schools Budget between the Individual Schools Budget and the central items set at the beginning of a three year funding period could subsequently be varied with the agreement of the Schools Forum if circumstances changed? (*Paragraph 101 in the full consultation document; 50 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

It is essential that some variation of the split between the individual schools budget and centrally retained items is available over the three-year period. For example budgets such as statementing and placements to independent special schools are notoriously difficult to forecast and must be reviewed. These variations should be agreed with the Schools Forum as part of the budget setting process.

17 Would you prefer a Minimum Funding Guarantee that continues to be set at or above cost pressures, or a lower value that would allow changes in a local authority's formula to flow through more rapidly? (*Paragraph 102 in the full consultation document; 53 in the summary*)

<input checked="" type="checkbox"/> At or above cost pressures	<input type="checkbox"/> Lower than cost pressures
---	--

Comments:

The operation of the Minimum Funding Guarantee at a level set above cost pressures constrains the ability to make the amendments in the LMS formula, which have been agreed in consultation with schools and the schools forum. A compromise that could be quite effective would be to set a national minimum funding guarantee at a minimum level of cost pressures and allow a further range of 1% or 2%, which, with the agreement of the Schools Forum, could either be imposed or set aside if there are local variations to the formula that schools wish to implement.

18 Do you agree that local authorities should be allowed to change their formulae once three year budgets have been set, under exceptional circumstances and with the agreement of their Schools Forum? (*Paragraph 116 in the full consultation document; 63 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The consultation paper proposes a two-year delay from the preparation of formula changes in say 2006 to the implementation of these changes in the academic year 2008/9. It is virtually inevitable that circumstances will change and demand reconsideration of some of these budget issues in the two-year period before implementation. We agree that budget and formula may need to be re-considered during this period. The difficulty will arise if exceptional circumstances are claimed every year so that instead of fixed three year budgets we move as now to annual budgets responsive to circumstances. Is there any intention to categorise the list of exceptional circumstances under which local authorities would be allowed to change their formula?

19 Which do you think is more important: a system which allows schools to predict their future budget with more certainty, but is less responsive to changes in circumstances; or a system which allows all relevant data to be updated in the final budget? (*Paragraph 117 in the full consultation document; 64 in the summary*)

More certain but less responsive to change

Less certain but more responsive to change

Comments:

We consider it far more important to have a responsive budgeting system which allows all relevant data to be included in the final budget determination. The alternative suggestion about fixing future budgets with certainty is fine in principle, however, over the three year budgeting cycle it will be impossible to fix the level of many external costs and we consider it preferable that budgets should change in relation to cost pressures. In this way no schools will be under funded or over funded and the level spent on pupils should be more certain.

20 Do you agree that it would be sensible to have more predictable arrangements for updating the budget for the forthcoming year, and less predictable but more responsive arrangements for the years further away? (*Paragraphs 118-119 in the full consultation document; 65 in the summary*)

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

It is far more preferable to have predictable budgets for the forthcoming budget year and broad indications with less certainty and more response for future years.

21 Which of the following three options do you think local authorities should use to update the indicative budget? (*Paragraphs 120-129 in the full consultation document; 67-73 in the summary*)

<input type="checkbox"/> a) pupil number changes applied to AWPUs only	<input checked="" type="checkbox"/> b) pupil number and non-pupil data	<input type="checkbox"/> c) an approach to be decided locally
--	--	---

Comments:

We strongly prefer option 2 updating non pupil data as well as pupil numbers with the proviso as set out that there is the option to marginally adjust formula values to ensure a balanced budget within the DSG available.

22 Do you agree that funding for named SEN pupils should not be included in school budget forecasts for future years? (*Paragraph 121 in the full consultation document; 74 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Strongly agree that funding for named SEN pupils should not be included in school budget forecasts for future years – this would be impossible to achieve since funding can vary significantly from year to year and as and when pupils leave.

23 Which is the best approach to avoiding turbulence when Teachers' Pay Grants are included in mainstream funding? (Paragraphs 134-139 in the full consultation document; 76 in the summary)

<input type="checkbox"/> a) Allowing the funding to flow through an authority's formula and letting the Minimum Funding Guarantee moderate any turbulence	<input type="checkbox"/> b) Allowing an authority to include a factor in their formula to continue the current distribution	<input checked="" type="checkbox"/> c) Allowing an authority the flexibility to take an approach between options a) and b)
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Comments:

We prefer the option of agreeing some flexibility with Schools Forum so that we can move over a period of years from the current mechanism which is allocating the pay grant on the number of full time eligible teachers to a medium term position of allowing the funding to flow through pupil numbers in the LEA's formula. Requiring Schools Forum to agree the best approach allows local decision-making on what is a sensitive funding issue for schools.

24 Do you have any general comments on the approach local authorities might take to giving schools three year budgets?

Comments:

In general the approach that Herefordshire will take is that whatever funding smoothing and lagging arrangements are used by DfES to pass the budget to local authorities, Herefordshire will use similar mechanisms in order to pass the funding through to schools. For example, if end of year clawback of DSG used by DfES then we shall pass the clawback directly on to schools.

Additionally there is likely to arise a significant additional level of complexity regarding the management of under and overspends on the dedicated schools budget. This is likely to add more complexity and make explanations to schools less straightforward than the current end of year delegation of unspent contingencies.

The new Single Standards Grant

25 Do you agree that we should retain a small number of grants to offer targeted support and for activities that require support on a continuing basis? *(Paragraph 154 in the full consultation document; 83 in the summary)*

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Yes, this would seem a sensible approach on the proviso that it remains a small number of grants and DfES does not permit the gradual expansion of the number of grants targeted over the medium term that simply eventually restores the current plethora of standards fund grants.

26 Could any more of the existing targeted grants be made part of the amalgamated grant? *(Annex E in the full consultation document; Annex B in the summary)*

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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If yes, please list which other grants could be part of the amalgamated grant

The balance in the consultation paper would seem broadly correct although we note with some concern that the national grid for learning ICT grants are excluded and would welcome clarification as to how these grants continued to be offered to schools.

:

27 Do you agree that we should opt for stability in the first two years of the amalgamated grant, by aggregating current Standards Fund grants without formula changes for that period? (*Paragraphs 152-153 in the full consultation document; 86-87 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

This would seem sensible.

28 Do you agree that we should move the existing School Standards Grant to a lump sum and per pupil basis during the transitional phase, with suitable damping arrangements to ensure stability? (*Paragraphs 156-157 in the full consultation document; 88 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Agreed this would seem a sensible approach.

29 Do you agree that the Standards Fund and the School Standards Grant should be brought together into a Single Standards Grant from 2008, using a formula that is pupil led and has a per school element to protect small schools, and a deprivation measure? (*Paragraph 160a in the full consultation document; 89-90 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Agreed but DfES must ensure that small rural schools are protected.

30 Do you agree that we should allow schools to agree, through their Schools Forum, to local authorities increasing the level of holdback for coordination and collaboration purposes by top-slicing the new Single Standards Grant? (*Paragraph 162 in the full consultation document; 91 in the summary*)

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Agreed that Schools Forum should be able to agree an increase in the level of holdback. However, as a general principle we would be against top slicing any grants allocated to schools.

31 Do you have any further comments on the proposals for the new Single Standards Grant?

Comments:

No further comment.

Strategic Financial Management and Planning

32 Do you think that the Financial Management Standard should become compulsory? (*Paragraphs 176-177 in the full consultation document; 100 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The Financial Management Standard should become compulsory for secondary schools. Secondary schools are generally responsible for significant budgets which approximately account for half the Individual Schools Budget and have qualified bursars to manage the finance function. It is reasonable to expect that finance should be managed to a high standard. Primary schools are much more numerous and are significantly smaller in budget size and management capability. Much more of their budget is spent directly on staff and as such there is less to go seriously wrong. In any case it is much easier to correct a primary school deficit than a secondary school deficit. The experience of making the Financial Management Standard compulsory in high schools should be reviewed after a period of five to seven years and a separate decision taken on whether it is valuable to extend to primary schools and special schools.

33 How could the Financial Management Standard and Toolkit and Schools Financial Benchmarking website be improved for users? (*Paragraphs 176-177 in the full consultation document; 100 in the summary*)

Comments:

The financial benchmarking website could be improved by schools being able to benchmark against their Ofsted family neighbours. This would allow schools to compare themselves against comparator schools who may adopt very different practices. The difficulty at present is that for schools to get a true comparison on similar funding levels they compare within an LEA and usually schools within an LEA all adopt similar practices. If schools compare against a wide cross section of schools then varying funding levels distort the expenditure patterns. An easy to use "comparison against family neighbours" would be ideal.

34 What sort of procurement deals and arrangements would be most suitable for schools? (*Paragraphs 195-203 in the full consultation document; 102-103 in the summary*)

Comments:

Ideally schools require good value and efficiently organised procurement deals from responsive regionally based procurement organizations that offer schools value for money, choice and good customer service. However, care must be taken to ensure the overheads of such purchasing organizations do not exceed the cost of supply and services bought in an efficient open market. Care needs to be taken so that local circumstances regarding school meals, grounds maintenance, supply teachers and many other locally purchased decisions are retained and that centrally purchasing arrangements do not adopt a one size fits all mentality.

35 In what other ways can schools become more productive and efficient in the use of their resources?

Comments:

The efficient production of schools curriculum materials and especially on line planning tools would be desirable. Partnership working between schools and LEAs generally lead to the most efficient use of resources that are designed to meet individual schools needs.

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply

Here at the Department for Education and Skills we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

Yes No

How to respond and further information

The consultation response form is available at www.dfes.gov.uk/consultations/. You can complete this on-line, or download it and post it to us. Copies of the form are also enclosed with printed copies of this consultation document and the separate summary document.

If you are responding on-line, select the "Respond on-line" option at the beginning of the consultation webpage: www.dfes.gov.uk/consultations/.

If you prefer you can send completed response form to Department for Education and Skills, Consultation Unit, Area 2A, Castle View House, East Lane, Runcorn, Cheshire, WA7 2GJ

Or fax it to 01928 794248

Or send it by e-mail to: SchoolFunding.Consultation@dfes.gsi.gov.uk

If you have any questions about the proposals or would like to know more

If you would like to ask us about any aspect of the proposed funding arrangements, please e-mail the School Funding Team at Schoolfunding.Questions@dfes.gsi.gov.uk or call us on 020 7925 6706. You can also visit the school funding area on TeacherNet where we will keep a list of Frequently Asked Questions up to date and post any additional information that becomes available during the consultation period. The address is www.teachernet.gov.uk/management/schoolfunding/.

Additional Copies

Copies of the document can be requested from: DfES Publications, PO Box 5050, Sherwood Park, Annesley, Nottingham, NG15 0DG

Tel: 0845 60 222 60

fax: 0845 60 333 60

e-mail: dfes@prolog.uk.com

THE EFFECTIVE PROVISION OF PRE-SCHOOL EDUCATION PROJECT

REPORT BY HEAD OF POLICY AND RESOURCES

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE, 2005

Schools Affected

All schools

Purpose

1. To inform the Forum of the conclusions of this national research project and consider the implications for early years provision in Herefordshire.

Financial Implications

2. There are significant resource implications for implementing the proposals suggested in the attached report in full, and the aim at present is to seek opinions on the proposals with a view that they could be adopted in principle. Subsequent work would then concentrate on their implementation and identifying resources to put the proposals into practice.

Report

3. A paper is attached setting out the conclusions of this national research project. Although evidence was not collected in this county, the research findings are relevant for Herefordshire. It is to be noted that the Government is both amending existing and creating new policies/initiatives to reflect the outcome of this research. The study should be given serious consideration if the outcomes for children in Hereford are to continue improving. It is intended to use this paper for discussions within the Council and with the Children's Board to shape the early years services in Herefordshire over the next 5 years. The implications for Herefordshire are identified in more detail in the attached report, in light of the main conclusions which are:
 - All three and four year olds were found to benefit from attendance at an early years setting both in intellectual and social development, and pre-school experience has a critical role to play in combating disadvantage and giving children a better start to school.
 - Children, who benefited most, attended settings that were able to demonstrate good quality and good practice.
 - There is a close correlation between the beneficial impact of settings and the level of qualification of staff.
 - Beneficial outcomes for children depend on:
 - The quality of child/adult interactions
 - Staff knowledge and their understanding of the curriculum
 - Knowledge of how young children learn
 - Adults' skills in supporting children in resolving conflicts
 - Helping parents to support children's learning at home.

Further information on the subject of this report is available from Dr Eddie Oram, Director of Education on 01432 260801

4. The value in investing in early years is demonstrated, and it is as a major part in an overall strategy to improve performance in the foundation stage and KS1, to improve behaviour, and to identify and support children with special educational need at an early stage.

RECOMMENDATION

THAT: the Forum's view of the conclusions of the study and the resultant proposed strategy in Herefordshire be sought.

Further information on the subject of this report is available from George Salmon, Head of Policy and Resources
on (01432) 260802

THE EFFECTIVE PROVISION OF PRE-SCHOOL (EPPE) PROJECT

BACKGROUND

The EPPE project undertaken by the University of London for the DfES on the effects of pre-school education for 3 and 4 year olds, began in 1997 and reported at the end of 2004.

The study set out to investigate the following main questions:

- What is the impact of the pre-school on young children's intellectual and social/behavioural development?
- Can the pre-school experience reduce social inequalities?
- Are some pre-schools more effective than others in promoting children's development?
- What are the characteristics of an effective pre-school setting?
- What is the impact of the home and childcare history (before aged 3) on children's intellectual and behavioural development?
- Do the effects of pre-school continue through Key Stage 1?

It did this by collecting a wide range of information on over 3,000 children, their parents, their home environments and the pre-school settings they attended. Settings (141) were drawn from a range of providers (local authority day nursery, integrated centres, playgroups, private day nurseries, maintained nursery schools and maintained nursery classes). A sample of 'home' children (who had no or minimal pre-school experience) was recruited to the study at entry to school for comparison with the pre-school group. In addition to investigating the effects of pre-school provision on young children's development, EPPE explored the characteristics of effective practice (and the pedagogy which underpin them) through twelve intensive case studies of settings with positive child outcomes.

The 5 key findings and the implications for early years provision in Herefordshire are set out below:

ATTENDANCE AT AN EARLY YEARS SETTING BENEFITS ALL CHILDREN.

- (i) From analysis of children's development during pre-school compared with 'home' children, EPPE found that pre-school attendance improves all children's cognitive development and aspects of social behaviour, such as independence, concentration, co-operation, conformity and relationships with other children (peer sociability). Moreover, individual settings vary in their effectiveness with some settings fostering better child outcomes than others.
- (ii) Children with no (or limited) pre-school experience (the 'home group') had poorer cognitive attainment, sociability and concentration when they start school. These differences show even when the study took account of differences between the pre-school and home groups in child, family and home environment characteristics.

- (iii) An early start at pre-school between 2 and 3 year olds was linked with better intellectual attainment and children having better relationships with other children (peer sociability) at age 3 years. These benefits continue when children start primary school. However, there was no evidence that full day attendance led to better development than half-day attendance.
- (iv) Pre-school can be effective intervention for the reduction of special educational needs (SEN), especially for the most disadvantaged and vulnerable children. One third of the pre-school sample was considered 'at risk' of SEN at the start of the study. By the start of the primary school the proportion had reduced to one fifth.
- (v) Disadvantaged children are more likely to have adverse social profiles at age 3 and school entry. The increased risk of anti-social/worried behaviour can be reduced by high quality pre-school.
- (vi) The longitudinal follow up of EPPE of children confirms that pre-school continues to show a generally positive impact on developmental outcomes throughout Key Stage 1. Overall the analysis of Year 2 children suggests that the early cognitive boost given by pre-schools on subsequent reading and mathematics attainment has not "washed out" by the end of Key Stage 1, nor have 'home' children caught up.

IMPLICATIONS FOR HEREFORDSHIRE

The EPPE report does stress the importance of early years provision and the beneficial effects both on behaviour and intellectual development for all children.

The number of known 4,3, 2,1 and <1 year olds in Herefordshire as at 31.08.04 was 1872, 1645, 1660, 1706 and 1736 respectively, a total of 8,619 children.

There are approximately 2, 400 places for 3 and 4 year olds in the 106 private and voluntary settings. There are a further 598 places in nursery classes, and 2120 places in reception classes in school. NEF was offered to 1404 3 year olds and 512 4 year olds in the Spring Term, 2005. There were also 1700 4 year olds in county primary schools in January, 2005. There are fewer places for 0-2 year olds with 37 settings offering a total of 428 places.

It is reassuring to note that there are places available for the majority of children in Herefordshire, and only 7 out of the 103 private and voluntary settings have received a 1-2 year outcome on their inspection. A part-time qualified teacher has been appointed to support these settings. It is of concern that there are vacancies in school nursery classes, which one would assume from the study would be where quality should be higher.

Resource allocations and budget setting do need to recognise the importance of these years in each child's development, and allocations should be beyond the minimum required to meet statutory duties, if the outcomes for children in Herefordshire are to be improved.

Work is needed to reduce any outstanding barriers to 3 and 4 year places in all parts of the County and in all settings. The effectiveness of early intervention should also be recognised, and the DfES target of having 1 Area SENCO for every 20 settings should be given higher priority. This would involve the appointment of 2 additional Area SENCOs.

SOME SETTINGS ARE MORE EFFECTIVE THAN OTHERS IN PROMOTING CHILDREN'S DEVELOPMENT

The study found that integrated centres (these are centres that fully combine education with care) and nursery schools tend to promote better intellectual outcomes for children.

Similarly integrated centres and nursery classes tend to provide better social development even after taking account of children's backgrounds and prior social behaviour.

Disadvantaged children do better in settings with a mixture of children from different social backgrounds rather than in settings containing largely disadvantaged groups. This has implications for the siting of the centres in areas of social disadvantage.

IMPLICATIONS FOR HEREFORDSHIRE

There are no nursery schools in Herefordshire. There are nursery classes at 13 primary schools, 4 of which open on mornings only. There are no plans to provide nursery schools or further nursery classes, but, given the observations of the study, the question of providing a nursery school or further nursery classes should be debated.

A less radical approach would consider how the existing provision involving schools, private and voluntary settings could be improved through continued and enhanced support for the foundation stage curriculum, the development of care provision around the 13 nursery classes, and the introduction of support for the Birth to Three Matters Framework.

It is also critical that the implementation of the 9 Children's Centres in the county does create a good distribution of effective integrated centres throughout the county.

THE MOST EFFECTIVE CENTRES PROVIDING CHILDREN'S DEVELOPMENTAL OUTCOMES (BOTH SOCIAL/BEHAVIOURAL AND INTELLECTUAL) WERE ABLE TO DEMONSTRATE CONSISTENTLY HIGH QUALITY AND GOOD PRACTICE.

Information from observations to assess the quality of each setting, using standardised rating scales, showed significant links between higher quality and better child outcomes.

Children in pre-school centres of high quality show reduced anti-social and upset/worried behaviour by the time they get to school.

Good quality pre-school education can be found in all kinds of settings irrespective of type of provider. However, the EPPE data indicate that integrated centres and nursery school provision have the highest scores on pre-school quality, while playgroups, private day nurseries and local authority centres have lower scores.

The quality of the interactions between children and staff were particularly important; where staff showed warmth and were responsive to the individual needs of children, children showed better social behavioural outcomes.

Positive relationships were related to greater pre-reading progress and boys in particular showed greater progress in early number concepts if they attended high quality provision. Raising the quality of pre-school may help promote boys attainment levels and possibly reduce the gender gap.

IMPLICATIONS FOR HEREFORDSHIRE

The drive to continual improvement in voluntary and private settings is behind the establishment of the Quality Assurance Scheme of the 103 settings within the County 22 have achieved the Bronze Award, and 38 are in the accreditation process.

Further support should be given to this work, with consideration being given to appointing an additional member of staff to support settings with quality assurance, and to allocating additional resources to overcome barriers settings may encounter in working towards the broader silver and gold awards. Within the QA scheme greater emphasis should be given to ensure that the interactions between children and staff are 'warm and responsive to the needs of the individual child' and nurture 'sustained shared thinking'.

It would also be hoped that the new inspection regime from Ofsted could give prominence to assessing the quality of adult/child interactions.

THERE IS HIGH CORRELATION BETWEEN THE QUALITY OF THE SETTING AND QUALIFICATIONS OF THE STAFF

The higher the qualification of staff, particularly the manager of the centre, the more progress children made, Level 4 qualification showed increased impact, and Level 5 an even more significant impact. Having qualified trained teachers working with children in pre-school settings (for a substantial proportion of time, and most importantly as the pedagogical leader) had the greatest impact on quality, and was linked specifically with better outcomes in pre-reading and social development.

IMPLICATION FOR HEREFORDSHIRE

At present all nursery classes in schools have qualified teachers (equating to Level 6), 21 of the 103 private and voluntary settings have staff qualified to level 4 or 5. A further 11 have staff hoping to achieve that qualification in 2005, and 25 more by 2006.

This level of commitment from individuals and settings is impressive, and if all succeed it would represent significant progress in Herefordshire. However, there will undoubtedly be staff turnover, and the need to reach groups who have shown little interest remains.

The strategy for the development of children's centres should consider the appointment at each centre of a full time qualified teacher to support the work of that centre, and surrounding voluntary and private settings. Consideration should be given to how best to support staff in voluntary and private settings to achieve level 4 and level 5 qualifications to ensure that all settings have staff with higher level qualifications.

THE FOLLOWING FIVE ASPECTS WERE PARTICULARLY SIGNIFICANT IN DETERMINING THE QUALITY OF OUTCOMES FOR CHILDREN AGED 3 TO 5.

- **Quality of adult child interactions**
- **Staff knowledge and understanding of the curriculum**
- **Knowledge of how young children learn**
- **Adults skill in supporting children in resolving conflicts**
- **Helping parents to support children's learning in the home.**

- i. It was found that the most effective settings encourage 'sustained shared thinking' which was most likely to occur when children were interacting 1:1 with an adult or with a single peer partner. It would appear that periods of 'sustained shared thinking' are a necessary pre-requisite for the most effective early years practice.

Sustained shared thinking is where two or more individuals 'work together' in an intellectual way to solve a problem, clarify a concept, evaluate an activity, extend a narrative etc. Both parties must contribute to the thinking and it must develop and extend the understanding.

- ii. Pre-school workers' knowledge of the particular curriculum area that is being addressed is vital. The study shows that early years staff may need support in developing their knowledge of curriculum content and ways of introducing it to children especially in the context of the Stepping Stones and the Early Learning Goals.
- iii. EPPE concludes that in the most effective centres, 'play' environments were used to provide the basis of instructive learning. The most effective pedagogy is both 'teaching' and providing freely chosen yet potentially instructive play activities. It may be that extending child-initiated play, coupled with the provision of teacher-initiated group work, improves opportunities for learning. Qualified staff in the most effective settings provided children with more experience of curriculum related activities (especially language and mathematics) and they encouraged children to engage in activities with higher intellectual challenges. While the study found that the most highly qualified staff also provided the most direct teaching, it also found that they were the most effective in their interactions with the children, using the most sustained shared thinking.
- iv. The most effective settings adopted discipline/behaviour policies in which staff supported children in being assertive, while simultaneously rationalising and talking through their conflicts.
- v. The most effective settings shared child-related information between parents and staff, and parents were often involved in decision making about their child's learning programme. What parents do with their children is more important than who parents are. Young mothers, with few qualifications can improve their children's progress, and given them a better start at school by engaging in those activities at home that foster children's learning.

IMPLICATIONS FOR HEREFORDSHIRE

The proposals to provide qualified teacher support in the 9 children's centres increased qualified teacher support to all settings, additional support for Q.A. and for training, especially that leading to level 4 and 5 reflects these conclusions.

Good practice guidance on engaging parents should be produced which identifies successful strategies adopted by Sure Start, schools, and private and voluntary settings in the county.

Consideration should be given to the means to ensure that the quality of child/staff interactions in all settings including reception classes in schools is of the highest standard.

CONCLUSION

The EPPE study is one of the most thorough systematic longitudinal studies undertaken and provides objective evidence of the benefits of pre-school experiences. Its conclusions that all children benefit both in intellectual and social development, that the benefit is lasting into Primary School, and that children from disadvantaged backgrounds or those with SEN gain from pre-school have laid the basis for Government policies.

The EPPE study findings mirror previous studies across the world.

To ensure better outcomes for the children in Herefordshire, the suggested action listed in this report is recommended.

SECTION 52 BUDGET 2005/06

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE 2005

Schools Affected

All schools

Purpose

1. To review the 2005/06 Section 52 budget statement and to highlight the key changes.

Financial Implications

2. No immediate implications although the 2005/6 budget will provide the base for planning changes for 2006/2007.

Report

3. Copies of section 52 budget statement (6 tables in all) will be sent to all schools. A copy of Table 1, the Section 52 budget statement for 2005-06 is attached as an Appendix.
4. Compared to 2004/05 the key highlights to note are;
 - The ISB has increased by 7.5% compared to the DfES minimum funding guarantee of 5% for primary schools and 4% for secondary and special schools. The ISB on a per pupil basis has increased by approximately £200 per pupil (Mike??) compared to an inflation increase at 3% of £79 per pupil. (Line 1.0.1) Approximately £1.8m more has been delegated at the start of the financial year. **Schools should not rely on further funds to be delegated during the course of the year. This may come as an unexpected change for some headteachers.**
 - Standards fund delegated to schools has increased by 51% and that kept centrally on behalf of schools has decreased by 23% (Line 1.0.3)
 - The support for schools in financial difficulty is zero (line 1.1.2)
 - A Banding budget of £520,000 has been established (line 1.2.2)
 - The budget for fees for pupils at independent special schools has increased from £1m to £1.3m, an increase of 32%. The forecast expenditure for 05/06 already projects an overspend on the joint health and children's services budget (line 1.2.7).
 - A small budget of £65,000 has been established for the repair and maintenance of school kitchens (line 1.4.4).

Further information on the subject of this report is available from Dr Eddie Oram, Director of Education on 01432 260801

- The budget for Strategic Management has been reduced by £650,000 equivalent to 28%, although approximately half of this reduction has been transferred to Asset Management to better reflect the work of Property Services. (line 2.0.8)
 - The transport budget has remained static, effectively absorbing the cost of inflation and the additional school days in this financial year. (Line 2.4.6-2.4.9).
 - The grant received from the LSC for sixth form provision (including special schools and out county provision) has increased by an overall 19% which is welcome, however the grant is short of actual costs by £267,829. (Line 4d5). The LSC is due to consult on the funding for Post 16 special pupils.
5. A more detailed spend per pupil analysis is usually published by DfES on their website in July/August which compares our budgeted expenditure with our Ofsted family neighbours. Although care is needed when drawing comparisons particularly on funding levels, it provides a useful benchmark of performance.

RECOMMENDATION

THAT: the Forum considers the 2005/06 Section 52 Schools Budget Statement.

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

NO ERRORSWARNINGS

SECTION 52 EDUCATION BUDGET STATEMENT

Table 1: LEA level information

YEAR	2005-06	LEA	Herefordshire	LEA No.	894	Email Address:	malcolm.green@herefordshire.g
CONTACT	Malcolm Green	TEL.	01432 260818	Version No.	2	Completion Date:	29/4/05

1 SCHOOLS BUDGET

	Nursery (a)	Primary (b)	Secondary (c)	Special (d)	Gross (e)	Income (f)	Net (g)
1.0.1 Individual Schools Budget	0	31,748,029	31,861,699	2,644,394	66,254,122		66,254,122
1.0.2 School Standards Grant		1,750,782	1,342,848	120,372	3,214,002	3,214,002	0
1.0.3 Devolved Standards Fund allocation - revenue	0	3,257,455	3,454,575	183,540	6,895,570	4,791,672	2,103,898
1.0.4 Specific formula grant - Excellence in Cities (EIC)	0	396,068	210,411	12,377	618,856		618,856
1.0.5 Specific Formula Grant - Threshold and performance pay (devolved)	0	1,394,359	1,394,359	116,196	2,904,914		2,904,914
1.1.1 Transitional Support Grant	0	0	0	0	0	0	0
1.1.2 Support for schools in financial difficulty	0	0	0	0	0	0	0
1.2.1 Provision for statemented pupils	0	20,435	3,296	9,229	32,960	0	32,960
1.2.2 Provision for non-statemented pupils with SEN	0	425,000	95,000	0	520,000	0	520,000
1.2.3 Provision for statemented pupils not in 1.2.1	0	406,082	224,795	94,269	725,146	0	725,146
1.2.4 Provision for non-statemented pupils with SEN not included in 1.2.2	0	233,369	77,790	0	311,159	0	311,159
1.2.5 Support for inclusion	0	27,065	41,444	16,070	84,579	0	84,579
1.2.6 Inter-authority recoupment	0	64,602	34,320	(93,878)	5,044	0	5,044
1.2.7 Fees for pupils at independent special schools & abroad	0	0	0	1,323,278	1,323,278	0	1,323,278
1.3.1 Pupil Referral Units	0	0	758,528	0	758,528	36,300	722,228
1.3.2 Behaviour Support Services	0	34,344	52,589	20,392	107,325	0	107,325
1.3.3 Education out of school	0	59,734	232,962	5,973	298,669	0	298,669
1.3.4 Nursery Schools Budget (non-SEN)	0				0	0	0
1.3.5 Nursery education provided other than in maintained nursery	2,938,359				2,938,359	0	2,938,359
1.4.1 School Meals - nursery, primary and special schools	0	24,792		6,198	30,990	0	30,990
1.4.2 Free School Meals - eligibility	0	11,267	5,986	352	17,605	0	17,605
1.4.3 Milk	0	3,608		0	3,608	0	3,608
1.4.4 School Kitchens - repair and maintenance	0	65,000		0	65,000	0	65,000
1.4.5 Fees to independent schools for pupils without statements of SEN	0	0	0	0	0	0	0
1.5.1 Insurance	0	0	0	0	0	0	0
1.5.2 Museum Services	0	0	0	0	0	0	0
1.5.3 Library Services - nursery, primary and special schools	0	2,000		1,090	3,090	0	3,090

1.5.4 School admissions	0	91,573	48,648	2,862	143,083	0	143,083
1.5.5 Licences/subscriptions	0	1,978	1,051	61	3,090	0	3,090
1.5.6 School-specific contingencies	0	32,000	17,000	1,000	50,000	0	50,000
1.5.7 Miscellaneous (not more than 0.1% total net SE)	0	38,916	20,674	1,216	60,806	0	60,806
1.5.8 Servicing of schools forums	0	7,019	3,729	220	10,968	0	10,968
1.5.9 Staff costs - supply cover (not sickness)	0	16,150	8,580	505	25,235	0	25,235
1.5.10 Supply cover - long term sickness	0	0	0	0	0	0	0
1.6.1 Standards Fund - Non-Devolved	0	882,175	764,428	31,835	1,678,438	1,160,419	518,019
1.6.2 Non-Standards Fund specific grant	0	0	0	0	0	0	0
1.6.3 Specific formula grant - EIC Non-devolved	0	60,800	32,300	1,900	95,000	0	95,000
1.6.4 Performance Reward Grant	0	0	0	0	0	0	0
1.6.5 Specific Formula Grant - Threshold and performance pay (non-devolved)	0	70,957	37,696	2,217	110,870	0	110,870
1.7.1 Capital Expenditure from Revenue (CERA) (Schools)	0	0	0	0	0	0	0
1.7.2 Prudential borrowing costs (Memo line 9 below to be completed if	0	0	0	0	0	0	0
1.8.1 TOTAL SCHOOLS BUDGET	2,938,359	41,125,559	40,724,708	4,501,668	89,290,294	9,202,393	80,087,901

2 LEA BUDGET

STRATEGIC MANAGEMENT

2.0.1 Statutory / regulatory duties	1,225,572	0	0	0	1,225,572
2.0.2 Premature retirement costs / redundancy costs	326,475	0	0	0	326,475
2.0.3 Existing early retirement costs (commitments entered into by 31/3/99)	117,008	0	0	0	117,008
2.0.4 Residual pension liability (eg FE, Careers Service, etc.)	28,500	0	0	0	28,500
2.0.5 Joint use arrangements	0	0	0	0	0
2.0.6 Insurance	0	0	0	0	0
2.0.7 Monitoring National Curriculum Assessment	31,963	0	0	0	31,963
2.0.8 Total Strategic Management	1,729,518	0	0	0	1,729,518

SPECIFIC GRANTS AND SPECIFIC FORMULA GRANTS

2.1.1 Standards Fund - non-devolved	1,757,236	1,186,921	0	0	570,315
2.1.2 Non-Standards Fund specific grant	0	0	0	0	0
2.1.3 Specific Formula Grant - Threshold and Performance Pay (non-devolved)	0	0	0	0	0
2.1.4 Specific Formula Grant - Threshold Administration Costs	0	0	0	0	0
2.1.5 Total Specific Grants	1,757,236	1,186,921	0	0	570,315

SPECIAL EDUCATION

2.2.1 Educational Psychology Service	439,981	0	0	0	439,981
2.2.2 SEN administration, assessment and co-ordination	403,146	0	0	0	403,146
2.2.3 LEA functions in relation to child protection	211,056	0	0	0	211,056

2.2.4 Therapies and other Health Related Services	27,000	0	27,000
2.2.5 Parent partnership, guidance and information	51,632	0	51,632
2.2.6 Monitoring of SEN provision	40,000	0	40,000
2.2.7 Total Special Education	1,172,815	0	1,172,815

SCHOOL IMPROVEMENT

2.3.1 School improvement	1,280,200	0	1,280,200
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ACCESS

2.4.1 Asset management	679,557	0	679,557
2.4.2 Supply of school places	114,137	0	114,137
2.4.3 Excluded pupils	29,888	0	29,888
2.4.4 Behaviour support Plans	16,719	0	16,719
2.4.5 Pupil support	5,047	0	5,047
2.4.6 Home to school transport: SEN transport expenditure	1,779,315	3,315	1,776,000
2.4.7 Home to school transport: other home to school transport expenditure	4,038,359	49,322	3,989,037
2.4.8 Home to college transport: SEN transport expenditure	0	0	0
2.4.9 Home to college transport: other home to college transport expenditure	600,099	197,099	403,000
2.4.10 Education Welfare Service	190,548	1,200	189,348
2.4.11 Music Service (not Standards Fund supported)	0	0	0
2.4.12 Visual and Performing Arts (other than music)	47,944	0	47,944
2.4.13 Outdoor Education including Environmental and Field Studies (not sports)	19,000	0	19,000
2.4.14 Total Access	7,520,613	250,936	7,269,677

2.5.1 Capital Expenditure from Revenue (CERA) (LEA Central Functions)	690,000	0	690,000
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2.6.1 [Total LEA Central Functions](#)

14,150,382	1,437,857	12,712,525
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YOUTH AND COMMUNITY

2.7.1 Youth Service	1,141,650	45,000	1,096,650
2.7.2 Adult and Community learning	0	0	0
2.7.3 Mandatory Awards	3,000	3,000	0
2.7.4 Student Support under new arrangements	248,230	0	248,230
2.7.5 Discretionary Awards	5,150	0	5,150
2.7.6 Capital Expenditure from Revenue (CERA) (Youth & Community)	0	0	0
2.7.7 Total Youth and Community	1,398,030	48,000	1,350,030

2.8.1 [TOTAL LEA BUDGET](#)

15,548,412	1,485,857	14,062,555
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3 [TOTAL EDUCATION REVENUE EXPENDITURE](#)

104,838,706	10,688,250	94,150,456
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4 MEMORANDUM ITEMS

MEDIUM TERM FINANCIAL PLAN 2003-2006

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE 2005

Schools Affected

All schools

Purpose

1. To review the 2005/06 Budget process and consider priorities for the 2006/07 Schools Budget.

Financial Implications

2. No immediate implications but the priorities agreed for the 2006/07 Schools Budget will affect every school.

Report

3. The Education Business/Performance Plan 2003-2006 sets out the management of Education Resources through a medium term financial plan, which covers the expected pressures on the education revenue budget and the redirection of resources to cover changing priorities since 1998. A copy of the plan is attached as an Appendix.
4. The medium term financial plan will be updated during the coming year to encompass the wider responsibilities of the Child's Services Directorate and the implications of the Dedicated Schools Grant.
5. The identified pressures within the Schools Budget for 2006/07 onwards are;

Implementation of Workforce Reform

Continued costs of Job Evaluation/Single Status

Revenue costs of PFI

Falling Rolls – use of school balances

Out county special schools – inflation plus cost increases

SEN spending particularly extension of Banded Funding

Increasing costs/extension of ICT in schools

Increased in hours/weeks for nursery education places by 15%

6. Pressures outside of the Schools Budget are;

Increased fuel costs for school transport

Cost pressures arising from new Children's Services Directorate

Gershon efficiency targets.

Further information on the subject of this report is available from Dr Eddie Oram, Director of Education on 01432 260801

7. Undoubtedly new budget pressures will become apparent during the autumn term when more details are received from DfES however the above list gives schools the opportunity to consider and add to the background information that will impact on the budget settlement.

RECOMMENDATION

THAT: the Forum comment on the Medium Term Financial Plan and the likely cost pressures for 2006/07 Schools' Budget.

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

EDUCATION REVENUE RESOURCES

MANAGEMENT OF EDUCATION RESOURCES**REVENUE BUDGETS:**

Herefordshire has a relatively low level of revenue resources. Under the government's system of formula funding shares (FSS), the County stands just above the fourth quartile in the national assessment for 2003/04. The County has no other significant income sources, and very limited reserves, reflecting the poor inheritance at Local Government Reorganisation.

As a predominantly rural County, covering a large land area, the County receives some advantage from the super sparsity factor in the FSS assessment, but this only partly meets the extra cost of delivering the full range of services to a widely dispersed and relatively small population.

The County has to provide the same range of services, with appropriate political and administrative support, as authorities with large urban populations and higher resource levels. There are therefore many demands on the limited resources available – notably the increasing pressure on social care. Notwithstanding the competing demands for resources, the Council has consistently committed itself to maintaining Education spending at the level of the SSA/FSS for Education.

When allocating the available SSA/FSS for Education, every reasonable effort has been made to provide for school budgets at the highest possible level. However, the Council also has to meet its clear statutory responsibilities for a number of direct services to families with children at school, while also providing an adequate level of support services to meet the needs of schools and deal with the administrative/political requirements of the Council and the government.

In broad terms, planned spending for 2003/04 was as follows –

	£m	
Allocated to schools direct	60.8	(Formula budgets plus specific grants)
Direct statutory services for pupils and families	14.1	(Transport, admissions, SEN, Pupil Referral Service, Early Years Education and Care, Education Welfare)
Support Services for Schools and administrative/political	5.5	
Other Education Services	1.2	(Youth Service and Adult Education)
Overall total	81.6	

BASIS OF DELEGATED BUDGET ALLOCATIONS TO SCHOOLS

Delegated budgets are provided to schools through a budget formula based on national requirements and guidelines. The Herefordshire formula is described at Annex E of the LMS Scheme for the financial year 2002-2003.

PLANNED SPENDING ON EDUCATION PRIORITIES:

All the Education spending indicated above is focused on the eight priorities as defined in Section Two of the Plan. In 2003/04, the distribution of spending, which is explained more fully at Appendix Five, was as follows –

	Gross spending	Spending net of income
Early Years	7.8m	6.8m
School places	9.8m	9.4m
Special Education	11.8m	11.7m
Social Inclusion	2.7m	2.4m
Pupil Achievement	42.6m	35.8m
14-19 Education	11.9m	11.1m
Cultural and Learning	3.0m	1.8m
Management and Support	<u>2.6m</u>	<u>2.6m</u>
Overall total	<u>92.2m</u>	<u>81.6m</u>

REDIRECTION OF RESOURCES

Resources are redirected in accordance with varying circumstances and trends, and in response to changes in policy. Such changes are prompted by new legislative requirements, growing public expectations, and local policy decisions.

Many small changes of funding for individual areas of spending occur each year as a result of differential changes in costs and other unpredictable variations. They are too numerous to identify. However, several key shifts of resources have been planned and implemented during the previous Business Plan period to 2003. There have been particular commitments to increase the proportion of the total budget allocated to schools through the budget formula, to expand nursery education of 3 and 4 year olds from a very low base, and to implement the social inclusion agenda.

In detail, the key changes since 1998 are shown in Table One.

Further shifts, predominately along the same or similar lines, are anticipated for the new Business Plan period, 2003/06. There will be continuing, particular emphasis on increasing the proportion of budget provision for schools and achieving the full early years commitment to 3 year olds for each of which another £½m will need to be found in 2004/05. Similarly, there is a planned programme for developing a system of banded funding for pupils at school action plan of the SEN Code of Practice, beginning in 2003/04 with pupils based in special units within primary schools, for which a transfer of £½m will need to be found. In order to fund such changes adequately, there is a key project to contain and reduce the enormously high costs of home to school transport through systematic route planning, in conjunction with other Council transport services, and through review of the limited range of discretionary areas of transport provision.

Table One – Redirection of Resources Since 1998

	Area of increase	Amount Involved	How financed
1	Early Years for 3 and 4 year olds	£1.5m	1 NEG and equivalent in SSA/FSS
2	School budgets – general increase with new emphasis on needs of larger schools as number of small schools increases with fall in primary rolls	£1.2m	<p>2a Improved SSA/FSS assessments, underpinned by Council commitment.</p> <p>2b Reduction in formula weighting for small schools relative to larger schools.</p> <p>2c Review of schools with very low pupil numbers (one very small primary school closed July 2002).</p> <p>2d New areas of delegation to schools through a range of SLAs (personnel and staffing services, school meals, property services, finance, IT support) and delegation of responsibility for premises maintenance costs and banded funding provision for statemented pupils and school-based special.</p>
3	Inclusion –		
(i)	PRU – improvement of accommodation and provision for full time attendance;	£0.6m	<p>3a Reduction in out-County SEN placements.</p> <p>3b Reduction in number of pupils permanently excluded.</p>
(ii)	Intervention class for pupils with challenging behaviour;	£0.05m	3c Standards Fund Grant Support – especially relevant to social inclusion.
(iii)	Healthy schools and drugs education;	£0.01m	
(iv)	Inclusion programme for pupils educated in special schools and within special units.	£0.02m	
		<u>£3.4m</u>	

MEDIUM TERM PLAN/EDUCATION BUDGET PRESSURES:

Table Two provides a summary of estimated additional costs. Important announcements are expected from the Secretary of State for Education at the end of September 2003 about how the promised **School Funding Guarantee** and **Cap on Central LEA Spending** will work.

Near to the bottom of Table Two, an estimate has been made of increased levels of EFSS and LSC grant (for post-16 spending). Increases for 2004/05 of 5.7% and 2005/06 of 6.1%, are based on figures from the Government's 2002 Spending Review. An increase of 5% for 2006/07 and 2007/08 is merely a working assumption. It should be noted that the percentages represent what the Government **may** add to the **National EFSS quantum**. It does not necessarily mean that Herefordshire will receive that level of increase when the quantum is allocated between LEAs.

At the top of Table Two, estimated inflation for pay of 3% and for other prices of 2% have been assumed. There is no information yet available about the teachers' pay award for April 2004, other than the Secretary of State's reported view that teachers' pay should be kept at the level of inflation.

On the basis of the above assumptions and allowing for **savings already identified** in the service budget a potential around break-even position is indicated for 2004/05. The factors likely to influence the actual picture are as follows:

- The overall level of funding in the EFSS and LSC grant for Herefordshire.
- The teachers' pay award.
- The Government's announcements about school budget protection and capping of LEA centrally managed spending.
- Funding for workforce reform. Based on a working assumption, schools are projected to need £204,000 in 2004/05, which may not be enough.
- The extent to which estimated pupil numbers, including for early years are achieved.
- Levels of Standards Fund and other grants for schools. The Government have said that the overall amount allocated will be the same, though there may be changes in the method of allocation between LEAs. Previous experience suggests that grant restrictions and the level of the LEA contribution may give rise to higher increases in LEA costs.

LIKELY GOVERNMENT TARGETS FOR 2004/05

- Early indications suggest that the Government will expect LEAs to set the Education Budget at at least the level of EFSS plus LSC grant.
- Spending within the Schools Block will be specified at the level set by Government. If the level is set as for the previous year plus inflation, this target will be achieved because of additional spending to implement Nursery Education Grant in Herefordshire.
- The Government will expect to see spending in schools increase by at least the percentage it passes on to LEAs (5.7% using current working assumptions).
- It is anticipated that LEA central spending will not be allowed to exceed the percentage 'passed on' to schools. In a shaded box at the bottom of Table Two this target is illustrated. The annual increase in spending delegated to schools is anticipated to be at least 5.7%. Additional spending needed in the Schools' Budget, however, is currently estimated at 11.7%. If the mandatory additional spending on Nursery Education Grant is dealt with separately, the annual increase needed for schools alone reduces to 5%, and would be within target.

PROSPECTS FOR 2005/06 AND BEYOND

In 2005/06, assuming a 6.1% increase in funding overall, costs would appear at this stage to exceed income by £0.7m. The main difference in spending is the revenue costs of the Whitecross PFI project. Beyond 2005, the anticipated costs of Workforce Reform in schools begins to rise significantly when the mandatory minimum non-contact time for all teachers is introduced.

TABLE TWO – MEDIUM TERM BUDGET PRESSURES

	2004-2005	2005-2006	2006-2007	2007-2008	
	£	£	£	£	
1 Inflationary pressures					
a Teachers pay at 3%	1,410,000	1,497,300	1,542,200	1,588,500	98%D 2%C
b Non teaching staff inflation	427,500	440,300	453,500	467,100	90%D 10%C
c Non-staff inflation	526,500	542,300	558,600	575,400	93%D 7%C
d Nursery grant inflation	54,000	55,600	57,300	59,000	C
e Transport at 5%	292,300	306,900	322,200	338,300	C
f Independent schools at 10% (2004) 3% after that	99,000	102,000	105,000	108,200	NS
g Criminal record checks 242% (2004) 3% after that	14,200	15,000	15,400	15,900	C
h Internal recharges (not yet known)	0	0			C
	2,823,500	2,959,400	3,054,200	3,152,400	
2 Demographic or volume pressures					
a Nursery education grant for 3 year olds, full implementation in April 2004. Targets for increased take-up have also to be met in future years	500,000	565,000	582,000	599,500	NS
b Primary school rolls continue to fall (see savings at 6a below) but small school and falling roll supplements increase	50,000	75,000	90,000	100,000	D
c Secondary school rolls are rising and larger age groups will pass through higher funding bands	335,600	550,000	700,000	700,000	D
d Special school rolls expected to rise in 2004/05	130,000	133,900	137,900	142,000	D
e Placements in independent schools are rising.	100,000	150,000	200,000	250,000	NS
f SEN spending continues to increase as a result of DDA and other changes in regulations, especially in the early years area	60,000	80,000	82,400	84,900	NS
g Extra cost of transport in secondary schools	50,000	60,000	60,000	60,000	C
	1,250,600	1,613,900	1,852,300	1,936,400	
3 Loss of income					
a Higher contribution to Standards Fund Grants are possible but cannot predict at this stage	30,000	30,900	31,800	32,800	74% D 26%C
b Extra district recoupments. A reduction in other LEAs placements in Herefordshire special schools	40,000	41,200	42,400	43,700	NS
c Loss of Standards Fund Grants for performance pay (potentially all grant ceases)	45,000	72,000	112,000	115,400	
	115,000	144,400	186,200	191,900	
4 Service developments					
a Workforce reform – delegate tasks to TAs. Schools must give all teachers 10% non-contact time.	204,200	456,300	1,072,000	1,498,900	D
b Increase in IT developments and dependencies	50,000	51,500	53,000	54,600	C
c Local Public Service Agreements	60,000	Depends on renegotiation			C
d Single Status Job Evaluation – Education has a large number of staff supporting pupils in schools	100,000	103,000	106,100	109,300	D
e Extended schools (currently grant funded)	0	Depends on grant levels			C
f Extra half post in Education Psychology	20,000	20,600	21,200	21,800	C
g Early Years SEN commitment to increase SENCOs.	46,300	81,700	84,100	86,600	D
h SEN inclusion, higher costs of implementing banded funding (in lieu of statements) over 5 years	50,000	70,000	90,000	100,000	C
i Revenue cost of PFI	N/A	603,000	621,100	639,700	C
	530,500	1,386,100	2,047,500	2,510,900	
5 Legislative or policy changes					
a Government to guarantee all schools a funding increase of at least 5.7% (see box at foot of table).	570,000	587,100	604,700	622,800	D
b Government requirement to cap central spending in LEAs. Full details not known at this stage	150,000	154,500	159,100	163,900	D
c Professional development & consultancy	50,000	51,500	53,000	54,600	C
d Extended services for "Education out of school" (e.g. PRUs.)	30,000	30,900	31,800	32,800	NS
	800,000	824,000	848,600	874,100	
	5,494,600	6,927,500	7,988,800	8,665,700	
6 Savings identified					
a Reduction in primary school rolls	242,000	400,000	550,000	700,000	D
b Full-year effect of reduction in primary special units	126,000	129,800	133,700	137,700	D
c Reductions in spending on transport as a result of review of discretionary areas	100,000	103,000	106,100	109,300	C
d Reductions from better route planning	40,000	41,200	42,400	43,700	C
e Contingency (overspend almost eliminated)	280,000	288,400	297,100	306,000	C
f Reduction on central recharge for LGR loan	To be determined in light of Govt requirements on schools funding				C
Total possible savings	788,000	962,400	1,129,300	1,296,700	
Total budget pressures after savings	4,706,600	5,965,100	6,859,500	7,369,000	
Expected additional EFSS and LSC grant:	4,653,800	5,264,300	4,578,200	4,807,100	
	= 5.7%	= 6.1%	= 5%	= 5%	
Balance of expected income against expenditure	52,800	700,800	2,281,300	2,561,900	

SUMMARY OF BUDGET PRESSURES	QUANTUM				
Extra spending to be delegated to schools	60,854,936	3,445,195	3,959,829	4,744,536	5,141,814
		5.7%	6.5%	7.0%	7.0%
Not delegated but in the schools block	7,314,598	829,000	969,100	1,043,600	1,119,100
		11.3%	13.2%	11.5%	11%
Central LEA spending	13,649,854	432,405	1,036,171	1,071,364	1,108,086
		3.2%	7.6%	7.1%	6.8%
	81,819,388	4,706,600	5,965,100	6,859,500	7,369,000

CAPITAL BUDGETS:

As in the case of revenue budgets, Herefordshire had no significant capital reserves at Local Government Reorganisation, and little in the way of surplus disposable land and property assets in Education. The Council has therefore had to rely very heavily on capital grants and loan approvals, with some revenue funding, to finance the substantial amount of capital expenditure achieved in the period 1998 to 2003.

In addition to the maintenance programme and the devolved sums allocated to schools, the capital programme over the period since Local Government Reorganisation has benefited the great majority of schools in the County, as indicated in detail in Table Three. Schemes under consideration are shown in italics. The most substantial projects include the completed provision of replacement buildings for Goodrich Primary School, and Marlbrook Primary School and a building for the new Brookfield EBD School. New provision on fresh sites is being built for Lea Primary School, Cradley Primary School (both with completion by September 2004) and is planned for Whitecross High School (PFI scheme for completion Autumn 2005) and Staunton-on-Wye Primary School (2005). In addition, a new building for an Early Excellence Centre (completion Spring 2004) is planned at Marlbrook Primary School, and many extensions and refurbishments are planned in existing premises, at other schools.

HOW CAPITAL PRIORITIES ARE DETERMINED:

The local policy statement within the Education Asset Management Plan sets out the main objectives for the Education Capital Programme. Eight targets have been identified. These targets and the action proposed to achieve them over the three years to 2006/06 are outlined below –

- Target 1. To ensure a sufficient supply of school places**
Other than sixth form accommodation, no major expansion is envisaged during the 3-year period as pupil numbers are falling generally in the county. A temporary classroom programme will be used to manage local or short term pressures. The recently completed sixth form block at John Masefield High School and the proposed scheme at John Kyrle High School should meet post-16 needs over the next 3 years.
- Target 2. To maintain safe and secure buildings**
The condition allocation (approximately £1m for the next 3 years) will be used, in conjunction with schools' delegated and devolved capital allocations, to provide safe, secure and weather tight accommodation.
- Target 3. To ensure efficient provision of school places**
The potential growth in surplus space will be managed in several ways - by seeking alternative use under the extended schools initiative, by removing temporary classrooms where they are no longer needed, and through review policies within the School Organisation Plan, the outcome of which may or may not involve capital expenditure.
- Target 4. To ensure that no child is denied access to a primary or secondary school arising from a disability for which that is the most appropriate placement**
All new building will be compliant with the DDA, and the access funds (Access Initiative valued at approximately £300,000 p.a.) will be used to meet the needs of individual students. A strategy will be implemented

to ensure that there are schools in every part of the County that can meet the needs of students with disabilities.

Target 5. To ensure that the statutory requirements of the School Premises Regulations are met, particularly as they relate to playing fields, medical inspection rooms, toilets and staff facilities

The most significant shortfalls will be met by using schools' devolved capital, where possible in association with any major capital works at a school, and by using resources associated with the workforce reform/remodelling initiative.

Target 6. To ensure that improved facilities are provided in rural primary schools

New primary schools at Lea, Cradley and Staunton-on-Wye should be completed during the 3-year period. Substantial work has also been completed at Eastnor Primary School, Much Marcle Primary School, and is in hand at Mordiford Primary School. Design work has started on the first phase of a scheme to improve facilities at Kington Primary School. Resources to build a replacement primary school at Sutton St. Nicholas Primary have yet to be identified.

Target 7. To provide sufficient science laboratories suited to the curriculum for all high school pupils

The programme of science laboratories refurbishment will be continued to ensure that all high and medium priority needs have been dealt with either within the Building Schools for the Future initiative or as a separate programme.

Target 8. To provide dedicated indoor PE spaces in all high schools with more than 600 pupils

The Kingstone High School community sports hall project has received approval under stage 2 of the New Opportunities Fund PE and Sport in Schools Initiative. Progress is also planned for the project to provide a sports hall at Weobley High School.

SCALE OF THE CAPITAL PROGRAMME

The capital programme is reviewed annually, bearing in mind the resources available and contractual commitments made. The Corporate Asset Management Plan assumes that Education Expenditure will be maintained at approximately £5m per annum, although currently the only confirmed funding available involves the DfES allocations of approximately £1m for maintenance and a similar sum for improvement of facilities.

Although the 'prudential code' of management of capital resources does give greater flexibility in spending in theory, higher levels of spending will depend heavily on the County's success in obtaining other funding from the DfES, notably Targeted Capital Fund. Continuing efforts will be made to attract capital resources from other agencies.

The scale of the Herefordshire programme will depend, above all, on the outcome of the Council's bid to be included in the first phase programme under *Building Schools for the Future*. If the County bid is successful, high school accommodation will be transformed in a 5-year programme starting in 2005/06.

TABLE THREE - CAPITAL SCHEMES EXCEEDING £20,000 1998-2004

	Primary Schools	Scheme	Date
1	Almeley	Conversion of school house & classroom alterations	2002/3
2	Ashperton	Classroom extension	1999/2000
3	Bodenham, St. Michael's	Internal alterations and remodelling	2002/3
4	Bosbury	Classroom extension	1999/2000
5	Brampton Abbotts	Classroom extension and internal alterations	1999/2000
6	Bredenbury	<i>Proposed improvements to playing field</i>	2003/4
7	Bridstow	New school in 1996	
8	Brilley	<i>Improvements to administrative accommodation under consideration</i>	
9	Broadlands, Hereford	Provision of temporary classroom and conversion of classroom into Library/ICT area	2001/2
		Extension to toilet facilities	2003/4
10	Brockhampton	<i>Toilet refurbishment planned for October 2003</i>	
11	Burghill	New hall and offices	2001/2
12	Burley Gate	Adaptations for disabled access	2002/3
13	Canon Pyon	Provision of double mobile classroom	2001/2002
14	Clehonger	Classroom extension & provision of mobile classroom	1999/2000
15	Clifford	Conversion of school house and classroom extension	2001/2
		<i>New heating system</i>	2003/4
16	Colwall	Provision of temporary classroom	2001/2
		<i>Extension to provide new entrance area/offices</i>	2003/4
17	Cradley	Replacement school	In progress
18	Credenhill, St Mary's	<i>Replacement school under consideration</i>	
19	Dilwyn	Removal of outside toilets	2001/2
20	Eardisley	New Classroom and ICT extension	In progress
21	Eastnor	Classroom and offices extension	2002/3
22	Ewyas Harold	Provision of mobile classroom	2001/2
		<i>Staff room/hall/library extension</i>	2003/4
23	Fownhope, St. Mary's	Re-roofing, new reception area & internal alterations	2001/2
24	Garway	Classroom extension	2000/1
25	Goodrich	Replacement school	2000/1
26	Gorsley Goffs	Internal remodelling	2002/3
27	Hampton Dene, Hereford	Classroom extension	1999/2000
28	Holmer, Hereford	<i>Refurbished washroom facilities under consideration</i>	
29	Holme Lacy	Temporary classroom	1999/2000
30	Hunderton Junior, Hereford	Provision of Community Hall	2003/4
31	Hunderton Infants, Hereford	Neighbourhood Nursery extension	2003/4
32	Kimbolton, St. James'	New reception and offices	2001/2
		Kitchen conversion to staff room & toilet refurbishment	2000/1
33	Kingsland	Classroom and resource area	1999/2000

	Primary Schools	Scheme	Date
34	Kings Caple	School remodelled in 1994	
35	Kingstone & Thruxton	ICT suite	2001/2
36	Kington	New reception area	2002/3
		<i>Proposed Family Centre & new school hall</i>	2004/5
37	Lea	Replacement school	In progress
38	Ledbury	New classroom block, provision of temporary classrooms	1999/2000
		Replacement of temporary nursery	2004/5
39	Leintwardine	Internal alterations	2002/3
40	Leominster Infants'	Relocation of Leominster Early Years Unit	2003/4
		Redevelopment of entrance and car park	2002/3
		Provision of temporary classroom	2000/1
41	Leominster Junior	New school entrance	2003/4
42	Leominster, Ivington	Classroom extension	2001/2
		Provision of vommunity room	1999/2000
43	Little Dewchurch	<i>Proposed new playing field</i>	2004/5
44	Llangrove	Classroom and ICT extension	2002/3
45	Longtown	Classroom upgrading and toilet refurbishment	2002/3
46	Lugwardine	Classroom extension	1999/2000
		Classroom and offices extension	2003/4
47	Luston	Extension / remodelling	2002/3
48	Lord Scudamore, Hereford	<i>Community facilities under consideration</i>	
49	Madley	Replacement of Infants' Block	2000/1
50	Marden	Staff room extension	2002/3
51	Marlbrook, Hereford	Replacement school	2000/1
		Provision of mobile classroom for Nursery	2001/2
52	Michaelchurch Escley	Provision of joint use hall	2001/2
		Connection of school to mains water supply	2000/1
53	Mordiford	Extensions and internal remodelling	In progress
54	Much Birch	Classroom Extension	1999/2000
55	Much Marcle	Classroom extension & internal alts	2003/4
56	Orleton	Refurbishment of disused kitchen & playground extension	2002/3
57	Our Lady's RC, Hereford	New library and resource area	2000/1
		Provision of mobile classroom for Nursery	2000/1
58	Pembridge	Improvement to hall / offices / reception	2002/3
59	Pencombe	Provision of mobile classroom	2000/1
		Internal alterations	2002/3
60	Peterchurch	New offices / reception	2002/3
61	Ross, Ashfield Park	Replacement of temporary classrooms	2003/4
62	Ross, St. Josephs	Classroom extension & internal alts	2003/4
63	St. Francis Xavier's	New offices and reception area	2001/2
64	St. James', Hereford	Classroom and IT extension	In progress
65	St. Martin's, Hereford	Refurbishment of corridors/resources areas & hall	2002/3
66	St. Mary's of Hope	Internal alterations to form Nursery	2002/3
67	St. Paul's, Hereford	Classroom extension	1999/2000
		New boiler system and re-roofing	2001/2
		Refurbishment of Victoria Hall block	2001/2
68	St Peter's, Bromyard	<i>Playground maintenance planned</i>	2003

	Primary Schools	Scheme	Date
69	St. Thomas Cantilupe, Hereford	Remodelling of Entrance area	2002/3
70	St. Weonards	New offices / reception	2002/3
71	Shobdon	Extension to staff room/offices and reception	2002/3
72	Staunton-on-Wye	<i>Replacement school</i>	2004/5
73	Stoke Prior	Refurbishment of toilets, new hall, ICT suite	2000/2
74	Stretton Sugwas	Extensions and Re-modelling	2000/1
75	Sutton, St Nicholas	<i>Proposed new school</i>	2005/6
76	Trinity, Hereford	3 Classroom extension	1999/2000
77	Walford	Classroom Extension	2000/1
		Upgrading of car park and hard play areas	2002/3
78	Wellington	Provision of temporary classroom	2002/3
79	Weobley	Classroom extension	1999/2000
		Purchase of playing field	2002/3
80	Weston-under-Penyard	Replacement of heating system	2002/3
		New offices / reception	2000/1
81	Whitbourne	Contribution towards Joint Use hall	2001/2
82	Whitchurch	New reception and refurbishment of toilets	2001/2
83	Wigmore	Classroom extension and offices	2001/2
84	Withington	Extension to store and toilets	2002/3

	Special Schools	Scheme	Date
1	Barrs Court	New offices / reception	2003/4
2	Blackmarston	New school on fresh site in 1996	
3	Brookfield School,	New school building	2001/2
4	Westfield	<i>Replacement proposed in Building Schools for the Future</i>	

	Pupil Referral Centres	Scheme	Date
1	Aconbury Centre	Refurbishment of former Blackmarston School building	2000/1
2	St. David's Centre,	Refurbishment of former John Venn Unit	2003/4
3	Priory Centre	Fully refurbished accommodation in 1996	

	Other Centres	Scheme	Date
1	Early Excellence Centre	New building	2003/4
2	South Wye Centre	Refurbishment of former Marlbrook School	2002/3

	High Schools	Scheme	Date
1	Aylestone	Refurbishment of 3 Science Labs	2001/4
		Refurbishment and extension of changing rooms	2000/1
		Provision of temporary classrooms	Various
2	Bishop's Bluecoat	Refurbishment of kitchen facilities	2003/4
		Extension to create new drama room	1999/2000
		Extension & refurbishment of changing rooms	2000/1
		Re-roofing of ROSLA Block	2002/3
		Proposed improvements for disabled access	
3	Fairfield High	New sports hall and artificial pitch	2000/1
		Provision of 2 science labs in mobile accommodation	2002/3
		Provision of temporary classrooms	Various
4	Haywood High	Refurbishment of 2 Science Labs	2003/4
		Provision of temporary classrooms	Various
		Refurbishment of Former Marlbrook for Drama	2002/3
5	John Kyrle	Provision of Tennis Courts	2001/2
		New Arts Block, refurbishment of 2 Science Labs	2002/3
		Improvements for disabled access	2003/4
6	John Masefield, Ledbury	New sports hall, artificial pitch, extension to Dining/Drama area	2001/2
		Provision of 2 Science labs	2002/3
		New Sixth Form Block	2003/4
		Car park and access road improvements	2001/2
		Provision of temporary classrooms	Various
7	Kingstone	New science labs	2000/1
8	Lady Hawkins	Provision of 6th Form Arts Centre Mobile Classroom	2000/1
9	Minster College	Refurbishment of 2 Science Labs	2003/4
10	Queen Elizabeth	New Multi Media Workshop	1998/99
		Refurbishment of science labs	2003/4
11	St Mary's RC	Conversion of Lugwardine Court into teaching accommodation	2002/3
		Additional tennis courts & parking	2002/3
		Improvements to staff room, toilets & changing rooms	2001/2
		Replacement of boiler system	2002/3
		2 new science labs and prep room	2003/4
12	Whitecross, Hereford	PFI replacement school	
		Provision of temporary classrooms	Various
13	Weobley High	Provision of double mobile classroom	2000/1
14	Wigmore	Replacement of temporary science labs and 3 classrooms	2002/3
		Provision of temporary classrooms	2003/4

MANAGING SCHOOL BALANCES

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE 2005

Schools Affected

All schools

Purpose

1. To review the Audit Commission data on school balances and in light of the school balances at March 2005 consider the options available as part of the introduction of three-year budgets for schools.

Financial Implications

2. No immediate implications but school funding regulations provide for large balances to be recovered from schools and spent on budget headings within the Schools Budget. Subject to consultation with schools, the Authority is minded to recover large school balances from April 2007.

Report

SCHOOL BALANCES

3. The Audit Commission has launched a new management toolkit to support councils' work in managing school balances. The toolkit presents overall school balances, by council, at 31st March 2003 and 31st March 2004, by sector and allows benchmarking against education statistical neighbours, similar authorities, and regional and national comparators. Detailed comparisons are attached as an Appendix.
4. In summary, the net revenue school balances (including Standards Fund) as a percentage of Planned Budget is as follows;

Financial Year end	Herefordshire Schools		Family Average	English Counties	England Total
31 st March 2003	3,955,205	7.0%	6.8%	6.2%	6.2%
31 st March 2004	5,578,804	9.6%	6.4%	6.4%	6.4%

School Revenue Balances as at 31st March 2005 are £7.2m equivalent to 11.8%. Capital balances are a further £1.5m, equivalent to an additional 2.4%. These percentages are averages for all schools, some schools will have balances greater than above and some will be below average.

5. The overall balance as at 31st March 2004 as a percentage of Planned Budget by phase is as follows;

Further information on the subject of this report is available from Dr Eddie Oram, Director of Education on 01432 260801

School sector	Herefordshire Schools	Family Average	English Counties	England Total
Primary	13.0%	8.9%	N/a	7.9%
Secondary	5.7%	5.0%	N/A	4.7%
Special	14.5%	5.8%	N/A	8.6%

6. Not unsurprisingly the percentage of schools in deficit is virtually nil and much lower than other authorities.
7. If School Balances were reduced to the levels recommended by the Audit Commission and DfES this would release immediately £1m from balances to benefit current pupils in schools And potentially an additional £2m recovered from the amounts set aside for workforce reform and job evaluation if not spent by March 2009.
8. The 2005/06 financial year school budgets have been determined on the basis that significantly more funds (estimated at £1.8m) has been delegated at the beginning of the year. In general schools will not in future receive in-year distribution of funds, (other than targeted Standards Funds) and will be much more able to set budgets in line with expected income. This will help to avoid the build up of large unplanned balances.

FUNDING REGULATIONS

9. Nationally, the DfES is concerned at the level of balances held by schools and has designed a system of controls on school balances linked to the adoption of three year budgets which can be adopted locally. Three year budgeting for schools is to be introduced nationally for all schools from April 2006 as part of the proposals for the Dedicated Schools Grant and so it will be possible for a balances control system to be introduced in Herefordshire. The outline of the formal amendments to the Scheme for Financing Schools is attached as Appendix 2. It would be sensible to warn schools of this intended change so that they have maximum notice.
10. Worcestershire has introduced such a scheme with effect from April 2006.
11. Given the continuing increase in school balances it is proposed to consult schools formally as part of the LMS consultation about the introduction of such a scheme with effect from April 2007. Given approval by the Council and the DfES, the amounts deducted from school's budget shares will be applied in determining the 2007/08 Schools Budget. It is intended that all excess balances recovered will be allocated to Capital expenditure (funded from revenue) and spent on capital improvements in schools.
12. Within the scheme regulations schools are able to assign balances for specific purposes permitted by the Authority and listed within the funding scheme. The list of permitted purposes will be subject to consultation however it is intended to include unlimited amounts for minor capital schemes over say a four year period and to permit limited balances for Workforce Reform, Falling Rolls, Job Evaluation and a small amount to provide end of year flexibility for Standards Fund to cover planned commitments. It is intended that the job evaluation and workforce reform categories will be reduced gradually to zero by March 2009. Such an approach will encourage

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

schools to transfer their property improvement savings to capital, whereas currently such savings are included in revenue balances.

13. It is recognised that it is essential for schools to keep limited balances to help manage the budget variability faced from falling pupil rolls, the introduction of workforce reform and the staff protection required by job evaluation over the next few years. The maximum proposed limits for these balances are set out below as a percentage of the school budget.

Balance Category	Primary	Special	High
Minor Capital Works including ICT	Unlimited but restricted to 4 years	Unlimited but restricted to 4 years	Unlimited but restricted to 4 years
Workforce Reform	2% in March 2007 reducing to 1% in March 2008 and 0% from March 2009	2% in March 2007 reducing to 1% in March 2008 and 0% from March 2009	1%
Falling Rolls	2%	2%	2%
Job Evaluation	2% in March 2007 reducing to 1% in March 2008 and 0% in March 2009	2% in March 2007 reducing to 1% in March 2008 and 0% in March 2009	2% in March 2007 reducing to 1% in March 2008 and 0% in March 2009
Standards Fund (5/17ths)	1%	1%	1%

After reserving funds against these permitted categories, schools would be limited to a general balance of 8% or a minimum of £30,000 for primary schools, 5% or a minimum of £30,000 for special schools and 5% or a minimum of £50,000 for high schools.

14. Schools Forum previously considered an item on claw back of balances in June 2003 and decided not to pursue such a scheme. At that time revenue balances were £3.5m, equivalent to 6.62%. Revenue Balances have now grown to £7.25m, or 11.8% and action needs to be taken to ensure that this money is spent for the benefit of pupils and not simply accumulated without purpose.

RECOMMENDATION

THAT:

- (a) **That the LMS consultation with Schools for the 2006/07 budget includes the changes to the Scheme for Financing Schools as set out in Appendix 2.**
- and
- (b) **Headteachers be advised before the end of term that the Authority is minded to implement such a scheme as set out above.**

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

Directors of Education – England

Dear Colleague

School Balances Tool

We are launching today a new management toolkit to support councils' work in managing school balances. This builds upon initial work undertaken as part of our 2004 Education Funding report. It covers all 150 LEAs in England and is intended to provide councils and auditors with key information about how effectively school balances are being managed, what are the trends, and the distribution of surpluses and deficits.

You will know that our original report and conclusions were based on inspection findings and detailed work with 15 councils. We found that overall forecasts made in spring 2003 of significant reductions in overall school balances have not been realised. The information which is contained in this tool shows the position for each council in the country and confirms a picture that overall net balances have in fact risen from £1.19 billion overall to £1.315 billion by the end of March 2004. This however conceals much detail which is presented in this tool.

This risk assessment tool presents overall school balances, by council, at 31 March 2003 and 31 March 2004, by sector (primary, secondary, special). An individual council may be selected to compare the overall position of balances (highlighting overall surpluses and deficits) in its schools, with those in similar councils and in the country as a whole. This tool can be used by your local authority to help with self evaluation and benchmarking against education statistical neighbours, similar authorities, and regional and national comparators.

Although councils will have individual strategies for managing balances, we hope that bringing this data set together in a single tool will be a welcome addition to your management information.

The toolkit is available on the Audit Commission website for download at <http://www.audit-commission.gov.uk/schoolbalances/>.

We would like to acknowledge the contribution of DfES in providing the Audit Commission with the funding data.

If you would like further information about this toolkit, please contact Tim Aldridge at t-aldridge@audit-commission.gov.uk.

Yours sincerely



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Robert Davies, ODPM
Lindsey Wharmby, SHA
John Schultz, SOLACE
Malcolm Wall, OFSTED


Total Net Revenue School Balances (including Standards Fund) - Total Cash Values

	Monday, March 31, 2003		Wednesday, March 31, 2004		Change (Movement)	
	Total Balance (£)	Balance as % Planned Budget	Total Balance (£)	Balance as % Planned Budget	Total Balance (£)	Balance as % Planned Budget
Herefordshire	3,955,205	7.0%	5,578,804	9.6%	1,623,599	2.5%
Education Statistical Neighbours Total	111,521,161	6.8%	119,291,445	6.4%	7,770,284	-0.3%
WEST MIDLANDS TOTAL	141,851,689	6.6%	164,174,213	7.2%	22,322,524	0.6%
Inner London Total	61,890,204	5.9%	86,078,266	7.7%	24,188,062	1.8%
Outer London Total	119,044,870	5.8%	127,563,911	5.8%	8,519,042	-0.1%
Metropolitan Districts Total	276,790,194	6.1%	306,242,716	6.2%	29,452,522	0.2%
Unitary Authorities Total	205,994,061	6.4%	222,697,308	6.5%	16,703,248	0.1%
English Counties Total	529,057,870	6.2%	572,646,415	6.4%	43,588,545	0.2%
England Total	1,192,876,975	6.1%	1,315,277,951	6.4%	122,400,977	0.2%

Total Net Revenue School Balances (including Standards Fund) - Group Averages

	Monday, March 31, 2003		Wednesday, March 31, 2004		Change (Movement)	
	Total Balance (£)	Balance as % Planned Budget	Total Balance (£)	Balance as % Planned Budget	Total Balance (£)	Balance as % Planned Budget
Herefordshire	3,955,205	7.0%	5,578,804	9.6%	1,623,599	2.5%
Education Statistical Neighbours Average	11,152,116	6.6%	11,929,144	6.7%	777,028	0.1%
WEST MIDLANDS AVERAGE	10,132,263	6.4%	11,726,730	7.1%	1,594,466	0.7%
Inner London Average	5,156,807	5.9%	7,173,110	7.3%	2,016,303	1.3%
Outer London Average	5,952,243	5.9%	6,378,196	5.7%	425,952	-0.1%
Metropolitan Districts Average	7,688,617	6.0%	8,506,742	6.3%	818,126	0.3%
Unitary Authorities Average	4,478,132	6.4%	4,841,246	6.4%	363,114	0.0%
English Counties Average	15,560,526	5.9%	16,842,542	5.9%	1,282,016	0.0%
England Average	8,059,248	6.1%	8,886,673	6.3%	827,426	0.2%

Overall Balance
Net Revenue Balance as a percentage of Planned Budget as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	13.0%	4.0%	5.7%	1.7%	14.5%	-5.8%	9.6%	2.5%
Education Statistical Neighbours Average	8.9%	-1.0%	5.0%	1.2%	5.8%	-2.1%	6.7%	0.1%
WEST MIDLANDS AVERAGE	8.3%	0.0%	5.7%	1.5%	20.4%	11.7%	7.1%	0.7%
Unitary Authorities Average	8.1%	-0.7%	4.8%	0.7%	7.0%	-0.7%	6.4%	0.0%
England	7.9%	-0.4%	4.7%	0.9%	8.6%	1.0%	6.3%	0.2%

Average Net Balance per School (£) as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	43,474	14,124	114,065	38,823	82,516	-19,253	54,694	16,294
Education Statistical Neighbours Average	32,428	-1,491	133,024	31,282	52,207	-21,984	46,061	2,337
WEST MIDLANDS AVERAGE	47,354	2,655	154,469	48,057	79,219	4,187	67,202	10,312
Unitary Authorities Average	47,382	-493	142,199	31,946	66,645	-1,234	62,693	4,300
England	48,360	1,118	140,988	38,049	76,168	3,957	63,841	6,721

Surplus Balances
Percentage of Schools in Surplus as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	99%	7%	93%	7%	100%	0%	98%	7%
Education Statistical Neighbours Average	93%	-1%	83%	2%	82%	-7%	92%	-1%
WEST MIDLANDS AVERAGE	92%	0%	87%	5%	84%	-6%	91%	1%
Unitary Authorities Average	92%	-1%	80%	0%	92%	3%	90%	-1%
England	91%	-1%	81%	2%	91%	0%	89%	0%

Average Surplus per School (£) as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	44,036	11,731	130,907	34,353	82,516	-19,253	56,868	13,405
Education Statistical Neighbours Average	35,869	-700	172,085	32,661	88,201	-6,536	53,372	3,119
WEST MIDLANDS AVERAGE	53,578	3,379	191,409	46,085	113,735	19,629	78,163	11,361
Unitary Authorities Average	52,990	683	207,847	44,426	81,213	-1,385	75,648	6,815
England	56,162	2,152	212,561	45,184	93,027	6,731	79,985	9,015

Deficit Balances
Percentage of Schools in Deficit as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	1%	-7%	7%	-7%	0%	0%	2%	-7%
Education Statistical Neighbours Average	7%	1%	17%	-2%	18%	7%	8%	1%
WEST MIDLANDS AVERAGE	8%	0%	13%	-5%	16%	6%	9%	-1%
Unitary Authorities Average	8%	1%	20%	0%	8%	-3%	10%	1%
England	9%	1%	19%	-2%	9%	0%	11%	0%

Average Deficit per School (£) as at 31 March 2004

	Primary		Secondary		Special		All Schools	
	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003	31 March 2004	Change from 2003
Herefordshire	-3,119	-458	-104,879	52,251	#	#	-53,999	39,521
Education Statistical Neighbours Average	-16,132	1,656	-61,294	-7,083	-64,719	-14,059	-31,900	-5,275
WEST MIDLANDS AVERAGE	-22,070	1,359	-97,248	9,653	-95,042	-27,371	-43,116	3,238
Unitary Authorities Average	-16,822	1,295	-90,497	4,694	-19,144	223	-53,937	1,904
England	-23,459	1,438	-137,464	21,114	-76,577	6,006	-61,468	5,783

SECTION 2: SCHEMES FOR FINANCING SCHOOLS

25. The Government has decided to proceed with the proposed system of controls on schools balances. It will be for each LEA to decide whether it wishes to have this as a feature of its scheme for financing schools, and if so, to consult schools and its schools forum on the necessary scheme revisions.

26. Those revisions are two-fold, and are likely to vary somewhat in nature from LEA to LEA depending on local wishes and circumstances. The system can only be implemented by LEAs which have bound themselves to produce three year indicative budgets for schools. Although Ministers hope that LEAs will attempt to do this from 2003, the balances control system would only be feasible from April 2004, and so the associated scheme provision relating to three-year budgets need not come into operation significantly before that.

27. A suggested text relating to three year budgets is:

At the same time as issuing its budget statement as required by section 52 of the Schools Standards and Framework Act 1998, the Authority will inform each maintained school of its estimate of the school's budget share and central government grant income paid via the LEA for the two financial years following the year for which the statement is being issued. The estimate will be provided in a format determined by the Authority and this format may include provision of information within an electronic budget modelling system. The estimate will use information available to the Authority at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the Authority to fund the school at the level shown in the estimate. The Authority may issue additional budget estimates from time to time.

28. Responses to consultation on the balances control system have suggested some adaptations to the model canvassed in the 23 October DfES letter, in regard to the definition of 'balance'; the timing of the process; the purpose of any sums surrendered to the LEA; and the size of the uncommitted reserve for different phases of school. These changes are incorporated in the scheme text suggested below:

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from [1 April 2004]:

- a. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be recurrent balance category [B01] as defined in the Consistent Financial Reporting Framework (*nb this will include the delegated budget share balance, and any Standards Fund/School Standards Grant balances, following the redefinition of recurrent balances within CFR which will take place for 2003-04, when there will cease to be a separate Standards Fund balance within CFR*);
- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority as listed at paragraph [x] of the scheme, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in

question, without the consent of the Authority ;
[the last provision is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely]

d. if the result of steps a-c is a sum greater than whichever is the greater of 5% of the current year's budget share (secondary schools) or 8% (primary and special schools), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

29. In submitting their own proposals for scheme revisions LEAs may particularly wish to put forward variations relating to the size of the uncommitted reserve (those with excessively low thresholds are unlikely to be approved).

30. If an LEA decides that it wishes to go ahead with linked proposals on these lines it should draft scheme revisions and consult with schools and schools forums on a timetable which would allow submission to the Secretary of State for approval by the end of October 2003. This should allow them to come into force by January 2004. Draft revisions can be sent to the Department's School Funding Unit for comment.

GERSHON EFFICIENCIES IN SCHOOLS

REPORT BY MANAGER OF LMS AND PLANNING

HEREFORDSHIRE SCHOOLS FORUM

9TH JUNE 2005

Schools Affected

All schools

Purpose

1. To inform Schools Forum of the efficiency savings that DfES is intending schools to deliver as part of the wider implementation of the national Gershon efficiency savings.

Financial Implications

2. No immediate implications however the savings achieved by schools will be ring fenced nationally within the Schools Budget and provide funding for future government education initiatives.

Report

3. Following the publication and acceptance by Government of the efficiency review by Sir Peter Gershon, the DfES plans to achieve over £4.3bn in annual efficiency gains by 2007-08 contributing towards the Government's overall efficiency target of over £20bn. At least half of this total will be recyclable, enabling it to be reinvested in front line activities such as schools.
4. As part of this programme of efficiencies the DfES plans, by 2007-08 to:
 - reduce the total number of civil servant posts
 - enable frontline professionals in schools, colleges and higher education institutions to use their time more productively, which will generate around 30% of the total efficiency gains
 - improve procurement of goods, services and new school buildings, using a new procurement centre of excellence to strengthen procurement practice across the education and children's services sectors – expected to deliver around 35% of total efficiency gains.
 - Streamline the delivery system through improvements such as the lighter touch process for Ofsted inspection, streamlined data collection and reduced reporting and monitoring requirements introduced in the New Relationship with Schools.
 - Free up resources in the cost of the DfES, its Non Departmental Public Bodies and Ofsted - reducing administrative costs by at least 15%.
 - Pursue efficiency gains by other means such as improvements in school level financial management through the increased use of financial benchmarking information and dissemination of best practice.

Further information on the subject of this report is available from Dr Eddie Oram, Director of Education on 01432 260801

5. The particular efficiencies that form the DfES's programme relating to schools is set out in the list below. In general terms schools are not expected to initiate any action other than respond to national initiatives. The measuring and monitoring of the efficiency gains will be implemented nationally using information provided by schools and LEAs such as Consistent Financial Reporting and Section 52 School Budgets.
6. Examples of school based efficiency gains are

School Workforce and related reforms Work stream

1. Administrative staff – the benefit from administrative staff taking on administrative tasks otherwise carried out by teachers, and freeing up teacher time.
2. Cover Supervisors – using appropriately trained support staff covering for short term teacher absences to reduce the amount spent on supply teachers
3. Pay restructuring – benefit from introducing new pay structure for upper pay spine (UPS)
4. Modernisation of Teachers Pension Scheme – benefit of modernisation of TPS being applied to new entrants from 2006 and eventually all members of TPS
5. Overall schools financial management – improvements in use of resources

Improvements through use of ICT Work stream

6. Time savings gained by teachers through improved access to digital content via Curriculum on-line and laptop computers
7. Time saved in lesson delivery through effective use of interactive whiteboards
8. Improved asset management as a result of ICT
9. Improved management of teaching and learning through ICT
10. Extension of computer based marking to save teacher time
11. Sharing of e-learning tools and resources to achieve time savings in lesson preparation and administration.

Procurement Work stream

12. Improved capital procurement through Building Schools for the Future
13. Improvements in maintenance through the effect of the regional centres of excellence and the DfES Centre for Procurement Excellence.
14. Improved schools procurement - as above.
15. Improvements in LEA procurement – as above
16. Improved procurement in the children, young people and families sector – improved procurement by local authority children's services and greater

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

emphasis on prevention services reducing the demand for the limited more intensive high cost services.

Policy, Funding and Regulation Work stream

17. Resources freed up for front line through more efficient Local Education Authorities by ensuring the vast majority of increased funding reaches pupils and is spent on pupil provision.
 18. Cash freezing LEA grants – central standards fund will be frozen at 2004-05 levels
 19. Development of on-line ordering catalogue for schools – new approach to distributing information to schools saving on stock control and distribution.
 20. Integration of 140 school focussed websites – easier access/ lower cost
 21. Reduced cost of inspection – reduced preparation time and inspection days.
 22. Reduced bureaucracy in schools initiatives – New Relationship with Schools will free up time for school leaders meeting accountability requirements.
 23. Efficiency gains from streamlined exam process – improvements in administration in public exams
 24. Improving the structures and delivery of local government services for children and families – streamlining services through the creation of Children's Trusts
 25. LEA cost savings arising from changes to administration of Student Support
5. The above list can be regarded as a shopping list for future DfES initiatives until 2007/08 and schools can expect to participate in many of the above activities.

RECOMMENDATION

THAT: Forum Members note the list of expected initiatives.

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

CHILDREN'S SERVICES DIRECTORATE
NEWSLETTER
CHANGE FOR CHILDREN IN HEREFORDSHIRE

INSPECTION UPDATE

The Joint Area Review of Children's Services in Herefordshire timetable has now been confirmed and is attached with an outline for your information.

It is very linked to the Comprehensive Performance Assessment of the whole Council and there will be one inspector who is part of both teams.

The CPA is an overall assessment of the Council and covers the following themes:-

- Ambition
- Prioritisation
- Capacity
- Performance Management
- Healthier Communities
- Safer and Stronger
- Sustainable Communities
- Outcomes for Older People
- Outcomes for Children and Young People

There will be two sessions in April - 13th and 14th - for gathering of intelligence from all stakeholders to inform the self-assessment of Herefordshire's performance in relation to the 42 key judgements.

The invites and programme for these sessions will be with you all soon. There will also be more briefings on what the Joint Area Review means for all of us. Partnership and Diversity/Disadvantage are among the key themes on lines of inquiry.

Recent service inspections will inform the focus of the JAR. Those inspections relevant to children and young people locally are:-

Adult Learning Inspection, Area Wide Inspection - 14-19 Provision, Youth Offending Service, Fostering and now Adoption due in June 2005.

So, this is certainly the year of inspection and you will see that the Youth Service is to be a particular focus in the Autumn.

PRIORITIES CONVERSATION

This is the regional discussion with us, to confirm the Herefordshire priorities on the local Change for Children programme.

The meeting with regional colleagues was held on 1st March and Herefordshire presented the following priorities for consideration:-

- ✓ **Setting up a Children & Young People Partnership Board**
- ✓ **Creating a shadow Local Safeguarding Board**
- ✓ **Continue current developments in integrating front-line services:**
 - children's centres
 - extended schools
 - children with disabilities
 - child protection – co-location
- ✓ **Explore the feasibility of different integration models:**
 - South Wye
 - other rural localities
- ✓ **Continue the implementation of the Child Concern Model, strengthening the “consultant” roles in each agency/sector and building confidence in the justice and schools sector**
- ✓ **Further develop the information sharing and information management approaches**
- ✓ **Examine performance in the key areas:**
 - re-registrations on the child protection register
 - life chances of children looked after, particularly school absence/attendance
 - special needs – statements done within the required timescales
 - attendance/achievement of vulnerable children and young people, in both education and employment
- ✓ **Check if improvement plans have delivered or whether new effort and resources needs to be applied both in terms of data quality and service delivery.**

These priorities are subject to review by the new **Partnership Board for Children and Young People**. The Board will launch its work on 15th March and more information will come following the first meeting.

**SUE FIENNES,
DIRECTOR OF CHILDREN'S SERVICES**

March 2005



Timelines for the Joint Corporate Assessment–Joint Area Review

Stage	September 2005
First meeting/ conference	21 March 2005
Self assessment returned (JAR)	13 June 2005
Set up meeting (joint)	From: 6 June 05
Self assessment returned (CA)	By: 18 July 2005
Analysis week (JAR)	5 September 2005 to 9 September 2005
Challenge meeting (CA)	9 September 2005
Fieldwork	26 September 2005 to 7 October 2005
Report writing	10 October 2005 to 21 October 2005
Draft report sent to council/partners for comment	4 November 2005
Comment received by inspectorates	By: 18 November 2005
Feedback meeting	2 December 2005
Publication	15 December 2005

Every Child Matters Change for Children



Integrated Inspection of Children's Services

The five outcomes for all children and young people

- Being healthy
- Staying safe
- Enjoying and achieving
- Making a positive contribution
- Achieving economic well-being



Making Social Care
Better for People



What are Children's Services?

All publicly-funded provision for children and young people children and young people aged 0-19. These include:

- Universal services (e.g. nursery education, schools, health clinics & GP surgeries, youth centres and colleges).
- Targeted services (e.g. educational welfare services & detached youth work).
- Services for the most vulnerable children and young people (e.g. fostering for children in public care and CAMHS).

How will these be inspected?

Many providers will receive their own inspections or reviews.

- Early Years settings, schools and colleges will be inspected every three years.
- Inspections will continue of other education providers such as in prisons and young offender institutions.
- There will be thematic reviews of aspects of health service provision.
- There will be inspections of services such as support for young people in the judicial system.

So what's new?

A joint area review of provision for children and young people in each local area during 2005-2008 conducted , where possible, at the same time as CPA corporate assessment.

A report describing and analysing the outcomes for children and young people in the area, sometimes comparing this with other areas or with the national average.

The review team will:

- Pay particular attention to vulnerable groups, such as children and young people with learning difficulties and disabilities.
- Focus on at least one neighbourhood in the area to see how local policies are put into effect on the ground.
- Study case histories of a number of children and young people who have received particular support to see how effective this has been.

The report will:

- Judge how good local services are at improving life for children and young people and at working together to achieve this.
- Comment on the work of publicly-funded voluntary and community services as well as statutory services such as health, social care and education.
- Incorporate recent inspection findings (e.g. local schools and residential settings).

How will judgements be made?

The outcomes for children and young people will be measured using the same indicators in every area. They include, for instance, public health data, educational statistics and information about crime, leisure activity, and housing. Inspection teams will be sensitive to the local context when analysing the significance of various indicators and will identify trends where possible. Expectations of what local services should do to improve outcomes have been defined and an inspection toolkit www.ofsted.gov.uk/everychildconsultation specifies levels of adequacy in each of these. Inspection teams will form their own judgements, subject to a moderation process, about the quality of provision in each area.

Is this inspection being done to an area or done with an area?

The inspectorates and commissions have statutory powers to do this work and will pursue relevant issues as they think fit in order to arrive at objective judgements. However, they will take very seriously the self-assessment done in advance by the local area, and will try to ensure that the inspection forms part of the normal improvement process conducted by the local services. Local areas will be able to comment on the inspection findings, but after consideration of their response the inspectorates will come to a final view. Local areas and councils are expected to build the findings of Joint Area Reviews and Annual Performance Assessment into their own improvement processes. Where there is evidence of high standards and steady improvement in an area there will be less need for inspection.

How will children and young people get their say?

A sample of children and young people will be asked to respond to a questionnaire about life in their area. Where feasible, the review team will meet representative young people and will always take their views into account when coming to judgements. The review team will expect services in the local area to have discussed their provision with children and young people and to be able to show how they are meeting their needs.

What is meant by “integrated inspection”?

The participating inspectorates and commissions will use a common methodology which they have developed jointly. During each Joint Area Review the members of different inspectorates will work as a team and the findings will be agreed by all team members. They will draw on the evidence of all recent institutional inspections undertaken by all inspectorates or commissions. The team will produce a unified view of outcomes for children and young people, identifying the main issues according to their significance for the locality.

Does it mean council services will no longer be inspected?

No. Their services for children and young people will be assessed annually by an Annual Performance Assessment. Judgements will also be made annually about their educational and social care work respectively. As in the Joint Area Review, attention will focus on the effectiveness of services and their management will also be evaluated. In order to make efficient use of evidence the joint area review will be conducted at the same time as the corporate assessment. The grades will be included in the overall comprehensive performance assessment

Sounds like more inspection!

There will be less inspection than in the past, because several current forms of inspection will be dropped to make way for Joint Area Reviews. Their function will be carried out more economically by these reviews. Also, the Joint Area Review itself will be very efficient because it will accomplish much by analysing existing data and there will only be visits or interviews where absolutely necessary.

The four judgement levels

Grade 4 – delivers well above minimum requirements;
Grade 2 – delivers minimum requirements;

Grade 3 – consistently delivers above minimum requirements;
Grade 1 – does not deliver minimum requirements

Overall purpose of the inspection

- to describe and analyse what life is like for children and young people in each local area
- to evaluate the effectiveness of local services in improving the outcomes for children and young people

The five outcomes	Activities contributing to outcomes
<p><u>Being healthy</u></p> <p>Children and young people are: physically, mentally, emotionally and sexually healthy; have healthy lifestyles; and choose not to take illegal drugs.</p>	<ul style="list-style-type: none"> • Parents and carers receive the advice they need to keep their children healthy • Children and young people recognise the risks to health • Environmental health risks are minimised • Children and young people's health needs are identified and assessed at an early stage • Children and young people are physically healthy • Children and young people are mentally healthy
<p><u>Staying safe</u></p> <p>Children and young people are: safe from accidental injury and death; safe from maltreatment, neglect, violence and sexual exploitation; are safe from bullying and discrimination; safe from crime and anti-social behaviour and have security and stability.</p>	<ul style="list-style-type: none"> • Children and young people and their carers are informed about key risks and how to deal with them • Steps are taken to provide children and young people with a safe environment • Steps are taken to minimise the incidence of child abuse and neglect • Child protection arrangements meet the requirements of <i>Working Together to Safeguard Children</i>
<p><u>Enjoying and achieving</u></p> <p>Children are ready for school; children and young people attend and enjoy school; achieve educational standards at primary school; achieve personal and social development and enjoy recreation; and achieve educational standards at secondary school.</p>	<ul style="list-style-type: none"> • Parents and carers are supported in helping children and young people to enjoy and achieve • Early years provision prepares children for school and helps them meet early learning goals • Children and young people attend and enjoy school • Children and young people are supported in developing personally and academically • Action is taken to ensure that settings provide good quality education • The needs of children unable to attend school are met
<p><u>Making a positive contribution</u></p> <p>Children and young people: engage in decision-making, and support the community and environment; engage in law-abiding and positive behaviour; develop positive relationships and choose not to bully and discriminate; develop self-confidence and successfully deal with significant changes and challenges; and develop enterprising behaviour.</p>	<ul style="list-style-type: none"> • Children and young people and their carers are helped to develop socially and emotionally • Children and young people are helped to manage changes and respond to challenges in their lives • Children and young people are encouraged to participate in decision making and to support the community • Action is taken to reduce anti-social behaviour
<p><u>Achieving economic well being</u></p> <p>Young people: engage in further education, employment or training on leaving school; are ready for employment; children and young people live in decent homes and sustainable communities; have access to transport and material goods; and live in households free from low-income.</p>	<ul style="list-style-type: none"> • Day care is available to meet the needs of parents in work or seeking work • Young people are prepared for working life • Action is taken to ensure that 14-19 education is planned in a coordinated way • Action is taken to ensure that settings provide good quality education • Community regeneration initiatives address the needs of children and young people and their families • Families and young people have access to decent homes.

