

AGENDA

Herefordshire Schools Forum

Date: **Friday 10 June 2011**

Time: **9.30 am**

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

Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

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Agenda for the Meeting of the Herefordshire Schools Forum

Membership	Mrs JS Powell	Primary Headteacher
	Mr NPJ Griffiths	Secondary Headteacher
	Mr J A Chapman	Church of England
	Mr P Burbidge	Roman Catholic Church
	Mrs S Catlow-Hawkins	Secondary Schools Headteacher (Voluntary Aided)
	Mr N O'Neil	Secondary Schools (Community)
	Mrs S Woodrow	Secondary Schools
	Dr M Goodman	Secondary Headteachers
	Mr S Pugh	Primary Schools Headteacher (Community)
	Rev D Hyett	Voluntary Aided Primary School
	Mrs J Cecil	Primary Schools Headteacher (Voluntary Controlled)
	Mr P Box	Primary Schools
	Mr S Matthews	Primary Headteachers Small Schools
	Ms T Kneale	Primary Schools
	Mrs J Baker	Secondary School Governor
	Mrs K Rooke	Special School Governor
	Mr T Edwards	Primary School Governor
	Mrs S Bailey	Special Schools
	Mr J Docherty	Secondary Schools
	Mrs A Pritchard	Teaching Staff Representative
	Mr M Harrisson	Teacher Representative
	Mr J Godfrey	14-19 Representative
	Mr A Shaw	14-19 Representatives
	Mrs A Jackson	Early Years Representative
	Mrs R Lloyd	Early Years
	Mr P Barns	Pupil Referral Unit
	Mr J Sheppard	Hereford Academies
Non Voting	Councillor PD Price	Observer

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AGENDA

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. ELECTION OF CHAIRMAN To elect a Chairman for the ensuing year.	
3. ELECTION OF VICE-CHAIRMAN To elect a Vice-Chairman for the ensuing year.	
4. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
5. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
6. CHAIRMAN'S ANNOUNCEMENTS To receive any announcements from the Chairman.	
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10. CONSULTATION ON SCHOOL FUNDING REFORM To consider a presentation on the national consultation papers on school funding reform and academies' pre-16 funding.	31 - 66
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12. SCHOOLS' CAPITAL INVESTMENT PROGRAMME	71 - 76
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To update the Schools Forum on the Schools Library Service offer to schools 2011/12 with funding arrangements plus information on the new cultural offer to schools that will be available in 2012.	
14. REVIEW OF SEN FUNDING	81 - 96
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15. UPDATE ON SERVICE LEVEL AGREEMENTS	97 - 102
To receive an update about service level agreements.	
16. FUNDING FOLLOWING THE STUDENT FROM PUPIL REFERRAL UNITS (PRUS)	103 - 106
To agree on a method to allow 'funding to follow the student' when they transfer to a different school after being on the roll of a PRU.	
17. STATEMENT OF INTENT - HEALTH & SAFETY AUDIT OF SCHOOLS	107 - 110
To advise the Forum of the Herefordshire Council Resilience Team's intent to conduct schools' Health & Safety audits and inspections with effect from 1 Sep 2011.	
18. WORK PROGRAMME	111 - 112
To consider the Forum's work programme.	
19. LATE ITEMS/ANY OTHER BUSINESS	
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20. FORTHCOMING MEETINGS	
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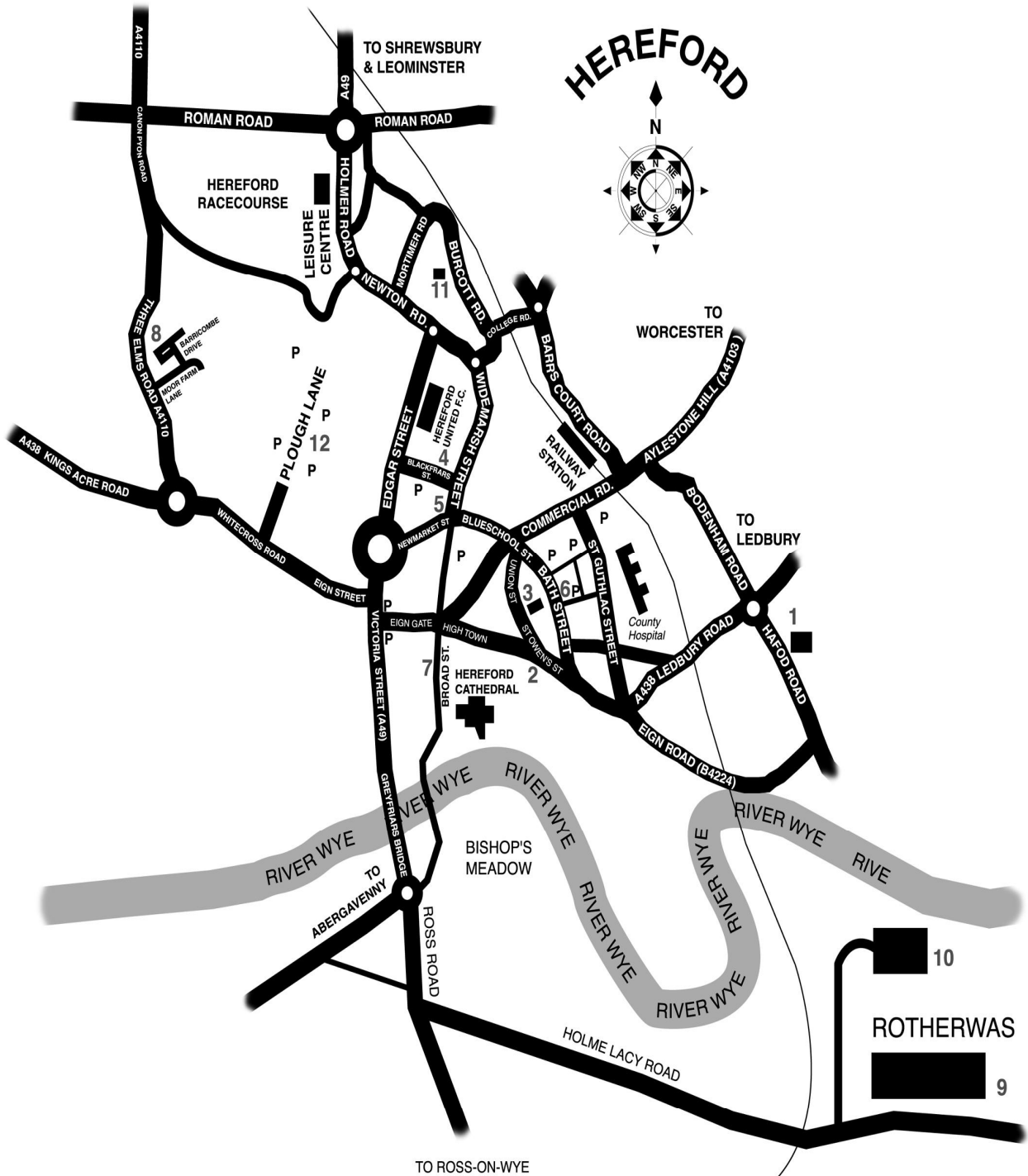
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HEREFORDSHIRE COUNCIL

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Herefordshire Schools Forum held at Council Chamber, Brockington, 35 Hafod Road, Hereford HR1 1SH on Wednesday 2 March 2011 at 9.30 am

Present: Mrs JS Powell (Chairman)
Mr NPJ Griffiths (Vice Chairman)

Mrs K. Rooke, Mr JA Chapman, Mr P Burbidge, Mrs S Catlow-Hawkins, Mr S Woodrow, Rev. D Hyett, Mrs J Cecil, Mr P Box, Mrs J Baker, Mr TE Edwards, Mrs S Bailey, Mr J Docherty, Ms A Pritchard, Mr J Godfrey, Mr A Shaw, Mrs A Jackson, Mrs R Lloyd, Mr P Barns, Dr M Goodman, Mr J Sheppard, Mr C Lewandowski, Mr E McGilp and Mr A Teale.

In attendance: Councillors PD Price and WLS Bowen

54. APOLOGIES FOR ABSENCE

Apologies were received from Mr M Harrison, Ms T Kneale, Mr S Matthews, Mr N O'Neil, and Mr S Pugh.

55. NAMED SUBSTITUTES

Mr C Lewandowski substituted for Mr M Harrison, Mr E McGilp for Mr S Pugh, and Mr A Teale for Mr S Matthews.

56. DECLARATIONS OF INTEREST

Mr C Lewandowski declared an interest in agenda item 8: Trade Union Facilities as a Trade Union representative on the Forum and Mrs J Powell also declared an interest as Branch Secretary of the National Association of Head Teachers.

Mr P Box and Mr A Shaw declared interests in agenda item 13: Music Service and Deficit, both having children in receipt of musical tuition.

57. CHAIRMAN'S ANNOUNCEMENTS

None.

58. MINUTES

RESOLVED: That the Minutes of the meeting held on 31 January 2011 be confirmed as a correct record and signed by the Chairman, subject to recording that Mr J Sheppard had been present at the meeting.

The Interim Director of Children's Services confirmed in relation to Minute No 44 and discussion of the clawback of surplus school revenue balances, that Schools had been advised of the intention to consider requests for permission to retain higher revenue balances favourably, given the Department for Education's indication that it intended to remove the provisions for clawback of surplus school balances for 2011/12. A number of requests had been received from schools and were being dealt with. The Interim

Director undertook to issue a further reminder to schools to submit a request if they wished to retain surplus balances.

The Assistant Director: Improvement and Inclusion confirmed in relation to Minute no 47 that expenditure on the Service Level Agreement for Governor Services and any surplus would be reported at the end of the financial year.

59. LATE ITEMS/ANY OTHER BUSINESS

There were none.

60. MEETING THE REQUIREMENT FOR 25 HOURS PUPIL REFERRAL UNIT PROVISION

The Committee considered the statutory requirements of 25 hour PRU provision, the need to establish a medical PRU facility, and a suitable funding model.

The Head of Additional Needs (HAN) presented the report, consideration of which had been deferred at the Forum's meeting in January 2011.

He reported that Herefordshire Secondary Head Teachers Association's (HASH) preferred option for funding the statutory 25 hours of educational provision per week to pupils with behavioural, social and emotional difficulties in Pupil Referral Units (PRU) would be to charge secondary schools £3,000 per PRU place each year with effect from 1 April 2011, as described at paragraph 3 of the report. The Forum was asked to contribute £78k in 2011/12 from the Dedicated Schools Grant (DSG) to provide the balance of funding during 2011/12 during the transition phase of the charging scheme.

He noted that additional funding for tuition of pupils with medical needs in the PRUs was no longer required.

In the course of discussion the following principal points were made:

- The HAN acknowledged that further work was required to develop a mechanism to account for the funding of pupils moving from one school to another within the school year. It was requested that a report providing clarification should be made to the Forum's next meeting.
- The Forum discussed whether the £78k required to provide the balance of funding in 2011/12 should come from the secondary school portion of the DSG or from the DSG as a whole. The conclusion was that the sum should be drawn from the DSG as a whole, noting HASH's view that account needed to be taken of a child's history throughout their schooling and that to fund something from one portion of the DSG rather than the whole DSG would set a precedent.

The HAN confirmed that the £78k was a one-off payment in 2011/12 to fund the existing pupils in the Unit. Future provision would be financed by the proposed charging arrangements.

- It was proposed that the wording of paragraph 3 of the report needed to be expanded slightly to ensure clarity.

RESOLVED:

That (a) the considerations already given to the requirement for 25 hour PRU provision and the cost implications for the current resource be

acknowledged;

- (b) the recommendation of HASH (2nd Feb 2011) and the option selected for funding behavioural, social and emotional difficulties PRU provision as of April 1st 2011, as set out in paragraph 3 of the report, as amended, be approved, meaning that there would be a charge to secondary schools of £3,000 per PRU place each financial year in addition to the age weighted pupil unit, from April 2011, in order to fund the legal requirement to provide pupils at Pupil Referral Units with 25 hours per week of education. This would apply to new entrants from that date and would be proportionate to the remainder of the academic year, which would be confirmed as a daily rate.
- (c) the principle be approved that DSG will provide the balance of funding up to a maximum of £78k during 2011/12 during the transition phase of this charging scheme;
- (d) the principle be endorsed that the same level of funding (as in recommendation (b)) should follow a pupil to their new school if they are permanently excluded and are admitted to a different Herefordshire school or are in receipt of pupils through the managed moves programme, but it be requested that greater clarification of how this model would work in practice be reported to the next meeting; and
- (e) current funding of £129,500 provided for medical tuition be maintained at the current level.

61. TRADE UNION FACILITIES

(Mr C Lewandowski and Mrs J Powell declared interests.)

The Forum considered funding for the provision of additional Trade Union facilities time.

The Assistant Director: Improvement and Inclusion presented the report which contained the additional information requested by the Forum when it had considered this issue in January 2011.

She reiterated that a review of the allocation of Teacher Trade Union Facilities time had determined that additional hours needed to be allocated. The current budget had not covered the previous arrangements leading to an end of year deficit. The Forum was being asked to provide an additional £41,500 per annum from the Dedicated Schools Grant to meet the new allocation.

In the course of discussion the following principal points were made:

- It was confirmed that the deficit on this budget had to date been funded at the end of the year from underspends on other budgets funded from the DSG. It was emphasised that, as a matter of principle, where there was an overspend it was important that this was brought to the Forum's attention for its consideration. The Interim Director of Children's Services acknowledged that the Forum needed clarity about budget expenditure.
- The Forum remained concerned about the role of the Unions in Health and Safety audit inspections. There was a view that the level of involvement was excessive and expensive, duplicating existing health and safety work in schools. Such inefficiency needed to be addressed mindful of the financial challenges being faced. It was

requested that clear protocols should be drawn up for health and safety audit inspection activity.

- The Health and Safety Officer commented on the relevant statutory requirements and answered a number of questions seeking clarification on their application.
- The Interim Director noted that paragraph 52 of the Code of Practice accompanying the Regulations on Safety Representatives and Safety Committees, an extract from which was appended to the report, encouraged health and safety representatives to co-ordinate their work to avoid unnecessary duplication. She suggested there would be merit in representatives from the Forum meeting officers responsible for drawing up the health and safety audit inspection arrangements to ensure that the spirit of the legislation was being met. Her understanding was that Unions and the Council officers were mindful of the need to make the best use of resources.

RESOLVED:

- That**
- (a) the provision of additional Trade Union facilities time be noted;**
 - (b) the Forum agree to contribute an additional £41,500 per annum from the Dedicated Support Grant to fund this additional time on the following understanding:**
 - (c) the expectation that expenditure will be rigorously monitored to stay within budget by Unions, officers and the Forum, and that as the budget is cash-limited any pressures be reported to the Forum;**
 - (d) a review of payment rates of Trade Union representatives and the efficiency of meetings and business be undertaken in the light of the financial challenges; and**
 - (e) clear protocols for health and safety audits be agreed by the Trade Unions and Health and Safety function, inviting comment from Head Teacher representatives, and reported to the Forum.**

62. DEDICATED SCHOOLS GRANT 2011/12 - BUDGET CONSULTATION

The Forum considered recommending to the Cabinet Member for ICT, Education and Achievement the Dedicated Schools Grant budget for 2011/12.

The Schools Finance Manager (SFM) presented the report.

He commented that the late announcement of the schools budget settlement by the Department for Education (DfE) had inevitably meant that the timescale for preparing budgets had been tight. This had limited the time available to consult on the budget proposals. The DfE Spending Review indicated that the same cash freeze per pupil for the DSG would apply in 2012/13 and 2013/14. He therefore intended that planning for the 2012/13 budget would take place earlier so that consultation could take place in the autumn.

He drew the Forum's attention to the responses to the consultation exercise on the 2011/12 budget summarised in the report and set out in more detail in appendix 2 to the report.

The Budget Working Group (BWG) had met to consider the responses to the consultation paper and put forward an alternative budget proposal. This provided for greater reductions in funding for social deprivation and personalised learning in light of

the additional £1m pupil premium grant, and a smaller reduction in small schools protection than had been proposed in the consultation paper. It was proposed that the funds generated from these proposals would be re-distributed to schools through an increased per pupil unit of funding. This would narrow the funding gap on a per-pupil basis between the highest funded schools and the lowest funded schools.

A revised set of recommendations reflecting the BWG's proposal was circulated at the meeting.

The Chairman of the Forum thanked the BWG for its efforts in seeking to produce a balanced set of proposals in very difficult financial circumstances. She welcomed the intention to commence planning for the 2012/13 budget earlier in the year which would allow more time for discussion of proposals than had been possible this year.

Each recommendation was then discussed in turn with reference made to the responses received during the budget consultation exercise. The following principal points were made:

- In relation to option J in the consultation, a reduction of 2% in Private, Voluntary and Independent Nursery funding, the SFM highlighted that a number of responses from PVI nurseries had suggested that savings in nursery education (per pupil) should be comparable with schools (-1.5%).

The SFM reminded the Forum that it had agreed on 7 December 2009 that PVI funding in Herefordshire should be frozen in cash terms until parity with Worcestershire, Shropshire and Gloucestershire was achieved. The recommendation continued the move towards parity. The BWG had considered the consultation feedback and evidence that PVIs in Herefordshire were funded at a higher rate than surrounding counties and agreed to recommend to the Forum that the full 2% cut be approved.

The Early Years representatives observed that all 47 PVI nurseries and 8 schools had objected to option J and 33 schools had supported it. They felt greater weight should be placed on this response to the consultation exercise if it were to be considered a meaningful process.

In addition, funding had now been frozen for three years and the proposed cut would have a significant effect. Achievement across the Early Years Foundation Stage, which was recognised as being important in contributing to educational attainment in later years, was below the national average and warranted investment in the sector rather than a cut. The Early Years sector was also having to bear a higher proportion of the savings proportionate to the sector's share of DSG.

Members of the BWG acknowledged the concerns but said they had concluded that the reduction, the basis for which had been closely scrutinised, struck the right balance in the context of other difficult decisions that had to be made.

The Forum supported a request that there should be an Early Years representative on the Budget Working Group.

- In relation to option L in the consultation, the Chair of the PRU Management Committee had requested that PRUs be treated as schools and therefore have a parity of budget reductions with schools, rather than being treated as a central DSG service and subject to a 3% cut. The Principal of the Pupil Referral Unit commented that the proposed 3% reduction in the PRU budget would have a significant effect. A reduction of 1.5% in line with schools would deliver savings but allow the PRUs some flexibility to develop the service.

RESOLVED:

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

- (a) that as recommended by the Budget Working Group**
 - (i) the savings required from Option A in the consultation: small schools protection, be reduced to £200k;**
 - (ii) additional savings of £500k be sought from Options B & C in the consultation: social deprivation and personalised learning, all prior to the protection offered by the Minimum Funding Guarantee; and**
 - (iii) the net savings of £241k achieved be added to the age weighted per pupil funding amount at £11.50 per pupil;**
- (b) the budget options, before the Minimum Funding Guarantee protection, that were broadly supported in the consultation be approved as follows;**
 - 1 Option E: Reduce school grants by 1.5%**
 - 2 Option F: Reduce “per pupil funding” by 0.5%**
 - 3 Option G: Delegate £376k of SEN Support services**
 - 4 Option H: End flexibility grants to PVI nurseries**
 - 5 Option I: Charge for early years training**
 - 6 Option K: Reduce contingencies by £100k**
 - 7 Option L: Reduce central DSG services by 3%**
- (c) Option D in the consultation: Reduced SEN Banded funding levels, which was not well supported by schools, be not approved.**
- (d) the following budget options in the consultation also be approved:**
 - 1 Option J: Reduce PVI nursery funding by 2% be approved in order to continue the move towards equality of funding when compared with the adjoining English counties; and**
 - 2 Option L: Central DSG services - that the 3% savings be confirmed as applying to Pupil Referral Units;**
- (e) that the SEN support services are delegated with a minimum funding entitlement of £1,110 for all schools, the balance delegated through the SEN Band 1 & 2 formula factors and that the former Ethnic Minority Grant be delegated on the number of English as an Additional Language pupils recorded on the January pupil census; and**
- (f) that if a final budget adjustment is necessary, then the age weighted per pupil funding be adjusted to cover any surplus or deficit when final pupil numbers are known from the January 2011 census.**

63. SCHOOL FUNDING SCHEME CHANGES

The Forum considered the Department for Education (DfE) directed changes to the Herefordshire Scheme for Financing Schools effective from 1 April 2011.

The Schools Finance Manager (SFM) presented the report. He added that schools had been consulted on the proposed changes and no replies had been received.

It was noted that whilst it would no longer be a requirement from April 2011 for a balance control (clawback) mechanism, it was possible to retain a mechanism focused on only those schools with significant excessive uncommitted balances. The SFM commented that in the current financial climate the authority had no plans to introduce such a mechanism but would report to the Forum if in future this were to be considered.

He highlighted the circumstances, summarised in paragraph 7 of the report, where dismissal or resignation costs would be charged to the delegated schools budget.

The guidance note on responsibility for redundancy and early retirement costs, appendix b to the report, stated that, "To achieve best use of resources, local authorities should also have an active redeployment policy, to match staff at risk to vacancies." It was noted that there was no such policy in place. The Interim Director commented on the complexity of agreeing such a policy, given the autonomy of school governing bodies and that the guidance could be seen as being contrary to other national guidance being issued. It was proposed that a briefing note on the matter should be circulated to Members of the Forum in advance of the next meeting.

RESOLVED:

- That
- (a) **the Department for Education directed changes to the Herefordshire Scheme for Financing Schools effective from 1 April 2011 be approved;**
 - (b) **the DfE statutory guidance on the funding of school redundancy costs be noted; and**
 - (c) **a briefing note on the development of an active redeployment policy be circulated to Members of the Forum in advance of the next meeting.**

64. HEREFORDSHIRE SCHOOLS FORUM MEMBERSHIP AND CONSTITUTION

The Forum considered amendments to its Membership and Constitution.

The report set out options for amending the Forum's membership to reflect provisions in the relevant Regulations; a proposal relating to the treatment of confidential reports; options for the regulation of public participation in the Forum's work and a number of minor amendments to the Constitution.

In relation to membership of the Forum it was noted that Regulations provided that primary schools, secondary schools and academies should be broadly proportionately represented on the Forum. The Regulations offered a choice as to the basis on which the calculation of proportionality was made. It was proposed that this issue should be referred to the Primary Schools Forum, Association of Secondary Headteachers, the Herefordshire Association of School Governors for further consideration.

RESOLVED:

- That (a) **Options for changes to the membership of the Forum should be referred to the Primary Schools Forum, Association of Secondary Headteachers and the Herefordshire Association of School Governors for further consideration with a report to the next meeting and that the Membership of the Forum continue on its current basis until after that meeting;**
- (b) **a provision be included in the Constitution providing for the treatment of any confidential reports as set out at paragraph 18 of the report;**
- (c) **a provision be included in the Constitution providing that public participation at the Forum's meetings will be at the Chairman's discretion; and**
- (d) **the Clerk be authorised to amend the Constitution to address a number of minor matters as described in paragraph 28 of the report.**

65. SHARED SERVICES - UPDATE

The Forum was invited to note the Shared Services project and the involvement of the Schools Forum in development of the shared services offering for Schools.

The Programme Manager presented the report. He commented that work was taking place on the development of service level agreements for Schools for the range of services within the shared services project.

Reassurance was sought that the services provided to schools would be fit for purpose and that the existing expertise available to schools would not be lost. The Programme Manager assured the Forum that meeting the requirements of schools was a priority and the intention was to refine agreements to achieve this aim.

RESOLVED: That the update on the Shared Services project and the involvement of the Schools Forum in development of shared services offering for Schools be noted.

66. MUSIC SERVICE FUNDING AND DEFICIT

(This item was considered in advance of the item Dedicated Schools Grant 2011/12 – Budget Consultation)

(Mr P Box and Mr A Shaw declared interests.)

The Forum considered alternative options for providing Music Service provision in the authority, due to the combination of charging rates and the reduction of Local Authority and central Government funding.

The Assistant Director: Improvement and Inclusion (ADII) commented that the Music Service had run with an operating deficit for a number of years. Charges to schools had not been sufficient to meet costs. The resulting overspend had been funded by savings in other areas of the Children's Services budget. However, at the end of 2008/9 it had been decided that this position could not continue and funding for the annual overspend had ceased resulting in an accumulated deficit. Efforts had been made to continue to deliver the service and reduce costs but the point had now been reached when the

current model of provision was not sustainable and a new model had to be found. Because the charges did not cover costs the service was in the position that the more tuition hours the service provided the worse the accumulated deficit became. It was hoped that the Forum and the Authority could agree on a joint vision for the service and jointly solve the financial position.

The Head of the Music Service (HMS) presented the report. He reiterated that if no alternative approach were agreed the music service would have to close. He commented on the adverse effect this would have, emphasising the impact of a loss of a cohesive approach to music education across the County.

The report set out five operating models, a proposal that the Forum contribute to meeting the deficit and also the option of closure. A financial options appraisal was circulated showing the costs associated with the five operating models and closure.

The five operating models were:

Option 1 - Raising the hourly rate charge to schools.

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

Option 3 - Accredited teacher scheme

Option 4 - Non Accredited teacher Scheme

Option 5 - Externalising/Contracting out the Music Service

The Head of the Music Service (HMS) commented on each of the options in turn elaborating on the detail of each option as set out at paragraph 27 of the report and as also described in the staff consultation paper appended to the report.

Whilst the formal staff consultation was to close on 3 March he informed the Forum that the majority of staff favoured the third option – the accredited teacher scheme and this was also his own preferred option. A successful version of this scheme was being operated cost effectively by Derbyshire County Council.

The Accredited Teacher Scheme offered a cohesive approach under which Schools would be able to choose Music teachers, who would be self-employed, from an accredited list. This would provide assurance to schools which option 4, a non-accredited teacher scheme, would not. However, it would be necessary as part of the accredited teacher scheme for schools all to agree to pay the same price as each other for lessons. The proposed cost of lessons would be £25-29 per hour, slightly above the independent sector rate reflecting mileage costs. Option 3 would also deliver a £40k saving in management costs.

The interim Director acknowledged that there was an interrelationship between the preferred model the Forum were being asked to identify and the decision on financing a model the Forum was being asked to take, and that the timing was complicated given that the consultation had not yet formally concluded. However, timescales were such that an opinion was needed from the Forum at this stage to assist the Council in making its decision on the future of the music service.

In discussion the following principal points were made:

- That whilst the benefits of music tuition were recognised, it was plain that the current business model was flawed.
- Clarification was sought on expenditure by the Music Service. The HMS commented that the percentage of the budget spent on administration was 0.5% below the average and the percentage spent on management was 3% above the average compared with other local authority music services. He considered that this was good for a rural authority.
- The cost of lessons was considered. The HMS said that the average price for lessons provided by 9 local authority music services in the West Midlands was £38.37 in primary schools and £36.70 in secondary schools. The independent sector charged £25-26 per hour.
- The pay rates for peripatetic staff were discussed. It was noted that the policy had been that staff who were not qualified teachers (2/3 of staff) were paid on the pay spine for qualified teachers.
- It was asked what guarantees there were that the Forum would not be asked to increase the proposed £25k per annum contribution. The HMS replied that no guarantee could be given at the moment because funding for the Service from 2012/13 on had not been agreed nationally. He had based his calculations on a 25% funding reduction (see para re effect not so significant).
- That Wigmore High School had withdrawn from the County Music Service Scheme on grounds of cost and quality and was operating an accredited scheme locally. The numbers of pupils taking up tuition had increased which suggested the service was of the requisite quality.
- All of the options involved redundancy costs. The interim Director of Children's Services confirmed that the proposal that the Forum make a contribution to meet these costs did not set a precedent. The music service was a schools service which could be funded through the Dedicated Schools Grant (DSG). In a number of authorities the music service was funded entirely through DSG.
- In options 2-5 the redundancy costs amounted to £350k. It was asked why taking on such a burden was being contemplated instead of simply increasing the charge for lessons based on the existing model. The offer to staff was one of dismissal and then being offered the opportunity to do the same job as they had previously been doing for significantly less money.

In reply it was confirmed that the changes in terms and conditions being proposed could not be agreed by negotiation and that if options 2-5 were pursued, staff would have to be made redundant.

The ADII commented that the Directorate was not willing to continue to support the inequitable terms and conditions within the existing model.

- It was noted that if several schools were to opt out of the County service under the accredited teacher model this would not affect the sustainability of the service because the pool of self-employed staff would simply reduce.
- That an accredited scheme would be the best way of seeking to ensure that as many pupils as possible had the opportunity to benefit from music tuition, in contrast to a fragmented system. A co-ordinated service would also be best placed to take advantage of any opportunities arising from the national changes due to take place

following the Henley Review of music education which, amongst other things,, proposed the introduction of music hubs in 2012 with local authority music services taking the lead role.

- Asked what would happen if the Forum declined to contribute to the accumulated deficit the Interim Director commented that the Council's own budget was under significant pressure and a view would have to be taken on the extent to which the provision of the music service should be viewed as a priority when compared with other competing priorities.

The Schools Finance Manager advised the Forum that the viability of Option 3 was dependent upon HM Revenue and Customs confirming that peripatetic music staff would qualify as having self-employed status.

The Chairman invited members of the Forum to indicate support for each option for future delivery of the music service in turn. The only model for which any support was expressed was option 3.

RESOLVED:

- That (a) the Authority be advised that the Forum considers option 3 the accredited teacher scheme to be the preferred option for a new model of business for the music service from September 2011;**
- (b) a one-off grant for £190,000 or part thereof to clear the accumulated budget deficit be not supported;**
- (c) an annual contribution of £25,000 be made towards the deficit with the annual contribution to be reviewed after 5 years; and**
- (d) the suggested one-off contribution towards the remaining accumulated deficit of £59.5k identified in the financial options appraisal for option 3 be rejected.**

67. WORK PROGRAMME

The Forum considered its work programme.

It was agreed that the work programme should be updated to include the following:

June 2011

- Model of how PRU Funding will follow the pupil (minute no 60 refers).
- Protocols for health and safety audit inspections (minute no 61 refers).
- Membership of the Forum (minute no 64 refers).

September 2011

- Provision for planning for the 2012/13 budget (minute no 62 refers).

68. DATES OF FORTHCOMING MEETINGS

The Forum noted that the next meeting was scheduled to be held at 9.30 am on Friday 10 June 2011.

The meeting ended at 12.50 pm

CHAIRMAN

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	HEREFORDSHIRE SCHOOLS FORUM MEMBERSHIP
REPORT BY:	DEMOCRATIC SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider amendments to the Forum's Membership.

Recommendation

THAT: the Forum considers whether it wishes to recommend any changes to its membership to the Cabinet Member (Corporate and Education).

Key Points Summary

The Forum needs to express a view to the Local Authority on changes to its membership in particular to reflect the number of academies within the County. The various methods of calculation suggest, one academy representative from the secondary sector as at present, or the addition of one additional academy representative from the secondary sector and reduction of one secondary representative from the maintained sector, or the possibility of one academy representative from the primary sector and a reduction of one primary representative from the maintained sector, or three places for academy representatives on the Forum. The Forum is asked to express its view to inform the Local Authority.

Alternative Options

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

Reasons for Recommendations

- To update the Constitution to reflect the increased number of academies in the County.

Introduction and Background

- The Forum considered its Membership and Constitution in July 2010. The Schools Forum (England) Regulations 2010 (the Regulations) came into force on 1 April 2010 and required

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

that the Forum must appoint a representative from Academies in the area as a full Forum member. At that time there were two academies and it was agreed to include 1 Academy Head Teacher or Deputy Head Teacher representative within the Forum's membership. With effect from 1 June 2011 there are likely to be 10 academies.

- 4 In December 2010 the Forum agreed that the Forum's existing membership continue until the end of the financial year with a report on revising the Membership and amending the Constitution to be considered in March 2011. This recognised that the number of schools becoming academies would have an impact upon the proportional membership of the Forum.
- 5 In March the Forum decided that options for changes to the membership of the Forum should be referred to the Primary Schools Forum, Association of Secondary Headteachers and the Herefordshire Association of School Governors for further consideration with a report to the next meeting and that the Membership of the Forum continue on its current basis until after that meeting.
- 6 The Primary Schools Forum considers that it is not practical to make a decision on who representatives might be until ongoing applications for academy status are completed and that the Forum's Annual General Meeting in September, when representatives are normally elected would be a more sensible time to do so, if necessary. The Association of Secondary Headteachers is meeting on 8 June and its views will be reported at the meeting. No view has yet been received from the Association of School Governors.

Key Considerations

Membership

- 7 The provisions in the Regulations governing membership are appended. Key points to note are:
 - The local authority is responsible for determining the size and composition of their schools forum and the forum members' terms of office.
 - a forum must consist of at least 15 members comprising: (a) schools members elected in accordance with Regulation 5; (b) if there are any Academies in the authority's area, at least one Academies member elected or selected in accordance with Regulation 6; and (c) non-schools members appointed in accordance with Regulation 7.
 - Schools members and Academies members must together comprise at least two thirds of the membership of the Forum.
 - Regulation 4 states that, subject to paragraphs (6) to (8) of that Regulation, primary schools, secondary schools and Academies must be broadly proportionately represented on the forum, having regard to the total number of pupils registered at them. Regulation 4 (8) provides that an authority may determine that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority.
- 8 As Regulation 4 (5) states that it is subject to paragraphs (6) to (8) of Regulation 4 the first step is that a decision needs to be made by the authority as to whether the authority are determining that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority.

- 9 If the authority does not make that determination primary schools, secondary schools and Academies must be broadly proportionately represented on the forum, having regard to the total number of pupils registered at them.
- 10 The forecast numbers of pupils registered at Local Authority maintained schools and academies at 1 June 2011 is as follows:

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

A chart showing the current Membership is also appended.

- 11 The implications of achieving broadly proportionate membership based on the current membership of the Forum are set out below.
- 12 If the authority determines that the number of members representing schools in a particular school category must be broadly proportionate to the total number of schools in that category when compared with the total number of schools maintained by the authority this would imply on one calculation:
- 28.6% of the Secondary school representatives should be from academies. Based on the current membership provision of 5 Secondary School Head Teacher representatives and one academies representative (from the secondary sector) this would suggest consideration of one additional secondary academies representative on the Forum and one less representative from the maintained schools.
 - 6.2% of the primary school representatives should be from academies. This means no representation on the Forum from academies within the primary sector.
- 13 If the calculation were based on primary, secondary and academies (with no distinction between primary and secondary school academies) that would mean approximately 11.6% of the places for primary and secondary school representation would fall to an academy. Based on the provision of 6 primary school head teacher representatives and 5 secondary head teacher representatives and one academies representative there should be one place for an academy representative.
- 14 If regard were to be had instead to the number of pupils registered at schools:
- 35% of the Secondary school representatives should be from academies. Based on the current membership provision of 5 Secondary School Head Teacher representatives and one academies representative (from the secondary sector) this would suggest one additional secondary academy representative on the Forum and one less representative from the maintained schools.

- 8.5% of the primary school representatives should be from academies. This could suggest one representative on the Forum from academies within the primary sector ($6 \times 0.085 = 0.51$).

15 If the calculation were based on primary, secondary and academies (with no distinction between primary and secondary school academies) that would mean approximately 21.5% of the places for primary and secondary school representation would fall to an academy. Based on the provision of 6 primary school head teacher representatives and 5 secondary head teacher representatives and one academies representative from the secondary sector this would mean three places for academy representatives ($12 \times 0.215 = 2.58$).

16 The Forum is asked for its views to enable the Authority to reach its final decision.

17 It is proposed that the reviewed Membership take effect from 1 July 2011 and be reviewed annually thereafter.

Community Impact

18 None

Financial Implications

19 None

Legal Implications

20 None

Risk Management

21 None known.

Consultees

22 Primary Schools Forum, Association of Secondary Headteachers and the Herefordshire Association of School Governors.

Appendices

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

Background Papers

None

Membership: general

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

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

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

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

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

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

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

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

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

(8) S.I. 2002/2114.

(9) S.I. 2004/447.

(10) S.I. 2005/3209.

(11) S.I. 2008/47.

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

Schools members

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

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

Academies members

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

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

Non-schools members

7.—(1) The authority must appoint non-schools members to their schools forum comprising—

- (a) one or more persons to represent the local authority 14-19 partnership; and
- (b) one or more persons to represent early years providers.

(2) Subject to paragraph (3), the authority may appoint additional non-schools members to their forum to represent the interests of other bodies.

(3) Prior to making any appointment under paragraph (2), the authority must consider whether the following bodies should be represented on their forum—

- (a) the Diocesan Board of Education for any diocese any part of which is situated in the authority's area;
- (b) the Bishop of any Roman Catholic Diocese any part of which is situated in the authority's area;
- (c) where there are any schools or Academies within the authority's area that are designated under section 69(3) of the Act(12) as having a religious character (other than Church of England or Roman Catholic schools), the appropriate faith group in respect of any such school or Academy.

(4) The authority may not appoint any executive member or relevant officer of the authority to their forum as a non-schools member.

(5) Within one month of the appointment of any non-schools member, the authority must inform the governing bodies of schools maintained by them and of Academies within their area of the name of the member and the name of the body that member represents.

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

Membership Chart

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

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

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

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	REPORT OF BUDGET WORKING GROUP – 6 MAY 2011
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the initial discussions of the Budget Working Group on 6th May 2011 relating to the Dedicated Schools Grant budget for 2012/13.

Recommendation(s)

THAT Schools Forum notes the initial considerations of the Budget Working Party for the 2012/13 Dedicated Schools Grant.

Key Points Summary

The report is a summary of the Budget Working Group's meeting and summarises early budget proposals for 2012/13:

- DSG budget cuts of £1.25m are likely in 12/13 and 13/14 due to a continuing falling rolls (£0.5m), increasing costs of SEN (£0.5m) and increases in business rates, insurance and Upper Pay scale teacher costs (£0.2m).
- Potential annual savings up to £1m from charitable rates status could be achieved for schools transferring to foundation or academy school status.
- There is a potential future cost of £0.5m resulting from the withholding of the final Standards Fund 10/11 instalment of £0.5m.
- Proposed budget consultation for schools and PVI nurseries in the autumn.
- The impact of falling rolls gradually transferring to secondary schools may reduce the budget loss from falling rolls over time.

Alternative Options

- 1 There are no alternative options at this stage.

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

Reasons for Recommendations

2 To inform Schools Forum of the work of the Budget Working Group of 6th May 2011.

Introduction and Background

3 The Budget Working Group (BWG) met on 6th May to consider initial budget projections for the 2012/13 DSG.

4 Present were: Julie Powell (Lugwardine), Andrew Teale (St Paul's), Steve Pugh (Hampton Dene), Peter Box (Lord Scudamore), Ewan McGilp (St Martin's), Sue Jones (Cleghonger) Ann Pritchard (Trinity) John Docherty (John Kyrle), Malcolm Green, Louise Devlin, Kathy Roberts.

5 Apologies were received from Nigel Griffiths (John Kyrle) and Tracey Kneale (Marlbrook).

6 2012/13 Dedicated Schools Grant (DSG) Budget projections

7 The BWG discussed some key principles (including reducing inequalities, protecting vulnerable groups and maximising sustainable funding) that should underpin the budget consultations for the 2012/13 DSG budgets. It was agreed that the next BWG on 1st July would consider these further and that a paper would be prepared which listed the principles that had been used in the 2011/12 budget consultations and the principles that the Department for Education (DfE) would be using to develop the national school funding formula.

8 Some initial funding projections were discussed based on the following assumptions;

DSG Funding - Per pupil funding rates in DSG are expected to remain static over the next two or more years so there will be no or little growth in DSG funding over the five year period.

Falling Rolls - are expected to transfer from the primary sector to the secondary sector during 2012 and are likely to continue at the same 1% reduction each year resulting in a net loss of £500k per annum.

Banded funding - possible continued to increase by £200k p.a. (based on the growth since 2006/07).

Special Schools - Continued growth in special school places and number of places requiring enhanced funding is likely to increase by £300k per annum. (This is consistent with a growth of £150k pa since 2000 and inflated to 2012/13 price base)

Complex Needs

Solutions - (out county placements) is potentially likely to rise by up to £200k per year for the DSG share (3/7) over a five year period.

Other costs - such as business rates, teachers pay grant, insurance all potentially could add further costs of £200k pa.

Pupil Premium- expected to continue to increase by a further £1m in 12/13 and a further £1m in 13/14 and a further £1m in 14/15 (based on national spend of £625m in 11/12 rising to £2.5bn in four years – but not confirmed by

DfE).

- 9 Hence in broad terms no increase in DSG funding is to be expected, spend on SEN may increase by £550k per annum, continued falling rolls may cost £0.5m and other business costs to schools a further £0.2m. DSG planning should therefore assume budget cuts of £1.25m pa will be required in 12/13. This is comparable with the budget cuts that were required in setting the 11/12 DSG budget – and arise from the same underlying reasons.
- 10 Prior to finalising the consultation paper, further work is necessary on the projected pupil numbers for 12/13 and the extent to which savings already made in the 11/12 budget and protected by the Minimum Funding Guarantee might be realised in 12/13. It was also projected that there would be a similar budget outlook for 13/14 and further savings of around £1.25m would be required.
- 11 It was agreed that much earlier consultation would be required with schools and PVI nurseries in the autumn term and that a draft consultation paper should be considered by Schools Forum in September 2011 and would include the key budget principles.

12 Charitable Rates Relief

- 13 An alternative to a repeat of the 11/12 budget cuts was potentially identified in the 80% charitable rates relief savings available to foundation and academy schools. Rates paid by community schools are £1.1m and a further £0.1m paid by Voluntary Controlled schools. Savings in business rates of 80% or up to £960k could be achieved in advance of the 2012/13 financial year by schools opting for foundation or academy status. There are 49 community schools with total business rates of £1.1m however four schools account for £0.5m and a further six for the next £0.25m and then a further 16 for the next £0.25m so that savings of £800k could be achieved if 26 schools converted to foundation status.
- 14 The BWG asked that a foundation schools conversion programme be taken forward urgently with the Director of People's Services, Legal Services and Property Services in order to minimise the budget cuts necessary in 12/13. It was agreed that the one-off legal costs could be met by DSG through the recurring savings in business rates.

15 Mainstreamed Grants Review

- 16 The BWG considered details of the component grants that have been mainstreamed into DSG and allocated to schools on an amount per pupil basis in 11/12 less the -1.5% cuts agreed as part of the 11/12 budget process.
- 17 The amount of grant per school ranges as follows;
- Special schools from £2,400 per pupil to £3,700 per pupil
 - High Schools from £601 per pupil to £1,153 per pupil
 - Primary schools from £360 per pupil to £1,378 per pupil
- 18 This variation between school grant funding is due to
- Funding differences in School Development Grant (SDG) including former Excellence Cluster and Behaviour Improvement Programme grants, Advanced Skills Teachers, Gifted & Talented, training schools, leading edge schools – all of which have been absorbed into SDG on a per pupil basis and carried forward year by year according to DfE rules (from approx 2006/07).

- Government formulae for the allocation of School Standards Grant and School Standards Grant (Personalisation) has in the past included lump sum allocations dependent on the size of school and also contains funding allocations in SSG(P) based on low attainment.
- Disadvantage Subsidy allocations which were determined by Children and Young People's Directorate through a formula including rurality allocations as well as deprivation allocations.
- Extended Schools sustainability – allocation by formula to school partnerships but further delegation has been by agreement within each partnership leading to variations on a school by school basis.
- Targeted support for primary and secondary strategies has been allocated to a limited number of schools each year – and schools fortunate to receive funding in 10/11 have seen this repeated for 11/12.
- Other primary grants for Every Child, lead teacher, early years foundation and primary modern languages have all varied according to other criteria.
- One to One tuition allocations have been based on pupils falling behind national achievements standards – schools have had to bid for funding.

19 As a first stage in the review, BWG discussed some principles that might guide consideration of the actual allocations at a later stage. Such principles included

- Basic School Development Grant (i.e. excluding deprivation payments) should be the same rate per pupil for all schools
- Specialisms continue to be paid at the rate set by the DfE however how do we take account of new specialisms or the loss of the High Performing Specialist School status?
- The need/use of Advanced Skills Teachers should be reviewed. Funding should be reduced when ASTs retire or reduce hours. Schools in receipt of AST funding must provide the AST for the one day per week for use by other schools (as per the AST guidelines)
- Deprivation allocations should use the existing formula within the funding model (which uses a basket of four indicators, number of free school meals, percentage of free school meals, number of pupils x the IDACI proportion, low prior attainment (numbers of pupils not achieving KS1 (primary) and KS2 (secondary))
- Extended schools sustainability should be at a standard rate per pupil – or should there be a rurality/small schools supplement?
- Targeted secondary and primary allocations should be allocated at a standard rate per pupil for high and primary schools rather than only those schools fortunate to continue to receive their 10/11 allocations
- Universal secondary and primary grants should be at a standard rate per pupil – perhaps different rates for primary, secondary and special schools.

- Flat rate base allocations (e.g. a standard £1,000 for each school) are to be avoided unless there is a definitive reason (approved by Schools Forum?). Such base allocations will increase the per pupil variation between schools rather than reduce it. For example a standard £1,000 paid to each school is worth £2 per pupil for a large primary school and £20 per pupil for a small primary.
- The current variation in funding per pupil between schools is too great and should be reduced. For example (excluding known differences for specialist school status and deprivation funding) should the per pupil funding should be the same for each school? or within a school phase? Or is there an acceptable variation e.g. the maximum is +50% of the minimum or +100% of the minimum? Do changes phased in over time?
- Aim for a three year funding equalization plan so that a strategy can be developed and the cost on the Minimum Funding Guarantee can be calculated. (Note – any changes will need to be affordable within a reducing schools budget).

20 The BWG asked that the funding spreadsheet be revised based on the above principles so that further consideration can be given to the grants proposal for inclusion in the school funding consultation in the autumn.

21 Standards Fund – Missing £0.5m Instalment

22 The BWG was informed of the DfE's decision to withdraw the final payment of the 2010/11 Standards Fund at a cost of £0.5m and the inclusion of this funding within the previously announced 11/12 DSG. Following complaints from local authorities the DfE are intending to issue further guidance during the summer however DfE are continuing to state that no additional cash will be made available and is expecting local authorities to find the funding from either DSG under spends or by borrowing against future year's DSG. DfE is adamant that school budgets should not be cut to recover the money.

23 Realistically there seems to be little alternative but to take the missing funding from DSG over the next two or three years supplemented by any underspends in standards fund and DSG. However using DSG underspend to meet the £0.5m shortfall is effectively still a budget cut.

24 Further details will be brought to Schools Forum in September when further advice has been received from the DfE and the final outturns for DSG and Standards Fund are known.

25 Academy Recoupment

26 The BWG was informed of the DfE's methodology for 2011/12 for top-slicing DSG for academies. A national top-slice of local authorities budgets has been applied in 11/12 at a cost to Herefordshire of £650k. Academies receive a pro-rata share (based on pupil numbers) of DSG budgets for Behaviour Support services, 14-16 practical learning options, support to under-performing ethnic minority groups, school meals, free meals eligibility, milk, kitchen repairs, retained library services, licences, miscellaneous, staff costs for trade union facilities, long term sickness, termination of employment costs and other specific grants. In addition, a nationally set £8 per pupil is deducted for the transfer of admissions responsibilities.

27 For 2011/12 DfE have excluded from the calculations SEN support services so that there is now no top-slice for SEN services such as hearing impaired, visual impaired and home/hospital services. For Herefordshire this will make a significant reduction to the top-slice, for example reducing the top-slice from £70,000 to £3,000 for a high school academy.

28 Budgets for trade union facilities and other central budgets such as the support for the music

service are subject to the academy top-slice rules and academies will have to be recharged for these services to maintain the budget allocated by Schools Forum.

- 29 The DfE is consulting on academy recoument for 12/13 so the rules may yet change again.

Key Considerations

- 30 The discussions at the BWG represent early considerations of the 2012/13 DSG budget and more work will be required by the BWG and Schools Forum.

Community Impact

- 31 None assessed

Financial Implications

- 32 The financial implications of the 2012/13 Schools Budget form a significant part of the work of the BWG this year.

Legal Implications

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

Risk Management

- 34 The BWG's proposals for the 2012/13 budget will be fully considered by Schools Forum prior to final decisions by the Cabinet Member in March 2012. Schools and PVI nurseries will be consulted for their views in autumn 2011.

Consultees

- 35 There is a statutory requirement that Schools Forum is consulted on proposed changes to DSG funded budgets.

Appendices

- 36 None

Background Papers

- 37 Agenda papers considered by the BWG on 6th May 2011.

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	CONSULTATION ON SCHOOL FUNDING REFORM
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a presentation on the national consultation papers on school funding reform and academies' pre-16 funding.

Recommendation

THAT Schools Forum notes both consultation papers and considers the possible future implications for schools in Herefordshire.

Key Points Summary

A summary of key points arising from the consultation papers and the Department for Education (DfE) presentations from Birmingham on the 11th May will be presented to Schools Forum on 10th June.

Alternative Options

- 1 There are no alternative options at this stage as the consultation papers are mainly concerned with principles; options will follow in further consultation.

Reasons for Recommendations

- 2 To inform Schools Forum of the national consultation papers on school funding reform.

Introduction and Background

- 3 In the White Paper "The Importance of Teaching" the Government set out its view that the current school funding system is opaque, full of anomalies and unfair and therefore in need of reform. The Government agreed to consultation the merits of moving from the current funding system to a national funding system, including the right time to begin the transition to a formula, the transitional arrangements necessary to ensure schools and local authorities do not suffer undue turbulence and the factors necessary to assess the needs of pupils for funding purposes.

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

- 4 The document “A consultation on school funding reform: Rationale and principles” – attached as Appendix 1 represents the first stage in that consultation and will be followed by further proposal later in the summer.
- 5 The DfE considers that the current system for funding academies is over complicated and needs reform because the process is not transparent, it does not quickly reflect local circumstances, there is a risk of error during the replication process, becomes more difficult with an increasing number of Academies, its not sustainable and is not administratively efficient. The DfE has published more detailed interim proposals for the funding of Academies alongside this consultation – attached as Appendix 2 “ Academies’ pre-16 funding: Options for the 2012/13 academic year”.
- 6 Julie Powell, Schools Forum Chairman and Malcolm Green, Schools Finance Manager attended the national schools fair funding conference in Birmingham on 11th May as the proposals for change to the school funding system was the main theme of the conference.. Speakers from the school funding and academies funding teams presented the DfE’s proposals in greater detail than set out in the consultation papers.
- 7 Because the copies of the DfE presentations are not available at the time of writing this report a separate presentation will be made to Schools Forum on 10th June.

Key Considerations

- 8 The outcome of the DfE consultation will have a significant impact on school funding in Herefordshire and it is important that Schools Forum is well informed of the potential changes.
- 9 The DfE’s view is that an ideal school funding system should have certain key characteristics as follows;
 - a. Distributes money in a fair and logical way
 - b. Distributes extra resources towards pupils who need them most
 - c. Is transparent and easy to explain
 - d. Supports a diverse range of school provision
 - e. Provides value for money and ensures proper use of public funds
10. The current school funding system has up until now paid money to local authorities for schools through a number of different grants. The largest of these is Dedicated Schools Grant (DSG). The amount of DSG per pupil for each authority is calculated based on what the local authority received the previous year which in turn is based on funding in 2005/06 plus locked in historic decisions on spending including subsequent additional funding for ministerial priorities. This method is called “spend plus”.
11. So, current levels of school funding are based on an assessment of needs which is out of date, and on historic decisions about levels of funding which may or may not reflect precisely what schools needed then. It is inevitable that over time needs have changed and historic local decisions may no longer reflect local or national priorities.
12. This system falls wells short of the ideal characteristics set out above, in particular it is;
 - a. Opaque and extremely complex

- b. Unfair as it leads to schools with similar intakes receiving very different levels of funding
 - c. Fails to reflect need accurately
 - d. Does not support the new school system
13. All these problems with the current school funding system are set out in some detail in Annex 2 (pages 14-21) of the Rationale and principles consultation paper on school funding reform.

Community Impact

14. None yet assessed

Financial Implications

15. It is still too early to know whether there will be any implications for the 2012/13 Schools Budget as the detailed schools settlement and the outcome of all the consultations will only be available from DfE in late November/early December.

Legal Implications

16. None at this stage.

Risk Management

17. Schools Forum and the Budget Working Group will have further opportunities to consider the DfE consultation papers and the implications prior to recommending a final budget in March 2012. The risks in moving to a national school funding formula will be analysed in detail when the second DfE consultation paper is published. Clearly it is possible that Herefordshire schools may gain or lose funding and this will depend on the precise make-up of the proposed national funding formula and any protection arrangements that may be phased in nationally.

Consultees

18. None at this stage.

Appendices

1. "A consultation on school funding reform: Rationale and principles"
2. "Academies' pre-16 funding: Options for the 2012/13 academic year"

Background Papers

None

**Academies' pre-16
funding:**

**Options for the 2012/13
academic year**

ACADEMIES' PRE-16 FUNDING: OPTIONS FOR THE 2012/13 ACADEMIC YEAR

1. Introduction

In the White Paper, "*The Importance of Teaching*", the Government set out its long term ambition for a Fair Funding Formula which ensures clear, transparent and fairer funding for all schools, including Academies and Free Schools, based on the needs of pupils.

The main consultation document "*A consultation on school funding reform: rationale and principles*" available on the Department for Education e-consultation website (www.education.gov.uk/consultations) invites views on our aims for the school funding system and high level principles for reform, including how a Fair Funding Formula might operate. This could be a national funding formula, which would involve all schools budgets being set according to a central formula. Alternatively, it could involve locally agreed decisions to vary the level of funding for individual schools to meet particular local circumstances.

The main document also asks for views on when any reform might be introduced. However, if reform is not in place by 2012/13, we believe there is a strong case for making changes to the way Academies are funded, in advance of changes to the rest of the sector. This document explains why we believe the current model for funding Academies is unsustainable going forward and would want to make changes for funding Academies in the financial year 2012/13 (FY2012/13). It sets out the principles behind finding an alternative approach and options for doing so.

2. The current system

The main school funding consultation document sets out the case for change across the sector and sets out the principles which should underpin any system funding maintained schools and Academies. This document does not seek to pre-empt decisions informed by the main school funding consultation on extent and timing of changes across the school sector. However, we believe it is imperative to make improvements in the way Academies are funded from academic year 2012/13 (AY2012/13) and are therefore consulting on interim changes here that can be made in advance of wider reform.

Academy funding for the AY2011/12 will be made up of the following main blocks:

General Annual Grant (GAG): In order to keep to the principle that Academies should receive equivalent funding to a similar maintained school in the same area, the main portion of an Academy's funding seeks to mirror the local school funding formulae. An Academy's School Budget Share is the level of funding which would be provided

through the Local Authority's (LA's) funding formula for FY2010/11 if the Academy had been a maintained school. It includes allocations for grants, such as the Standards Fund Grant, which have been mainstreamed into school and Academy budgets from the FY2010/11. For each Academy the Young People's Learning Agency "replicates" the LA funding model, applies it to the Academy's pupil characteristics and adds in any mainstreamed grants. Funding is based on the previous financial year due to the timing of financial information available from the Section 251 LA return on which models are based.

LA Central Spend Equivalent Grant (LACSEG). As independent institutions, Academies have to provide services which a Local Authority would provide for a maintained school, such as behaviour support services, licences and subscriptions, pensions returns and the production of financial accounts. An Academy may choose to buy services back from the LA or it can make other arrangements to suit its pupils' needs. The LACSEG gives Academies funds to provide these services, at an equivalent rate to which the LA would have provided the services. It is calculated by the Department for Education using financial information supplied by Local Authorities in Section 251 statistical returns. Amounts vary substantially between authorities because of differences in the way LAs delegate funding to maintained schools and can reflect large swings between years as LA funding decisions change to reflect changing patterns of provision.

Insurance: As Academies typically have higher insurance costs than maintained schools, Academies receive a payment to reflect this.

Pupil Premium: Academies receive the Pupil Premiums for pupils known to be eligible for Free School Meals, Service Children and Looked After Children in the same way and at the same rate as maintained schools. This is additional to core funding.

Taken as a whole, this adds up to a complicated system that we believe needs reform for the following reasons.

The process is not transparent. The replication models and LACSEG models are hard to understand at an Academy and local authority level. Funding allocations are based on figures that relate to activities many months behind the activity for which an Academy is providing the service to its pupils.

It does not quickly reflect local circumstances. As pupil characteristics change in an Academy - e.g. the number of pupils eligible for free school meals or identified with special educational needs - the replication process does not ensure that these are reflected in actual funding amounts for the year in which the service is now needed.

There is a risk of error during the replication process. There are risks involved, mainly arising from the difficulty of accurately duplicating a local authority formula without mistakes that can sometimes lead to significant

errors in the level of funding allocations, even from very small formula errors.

The process becomes more difficult with an increasing number of Academies. The method of replication was appropriate for a small number of Academies, where individual anomalies could be discussed and agreed with a local authority. It is not an appropriate mechanism to automatically set funding levels for an increasing number of schools.

It is not sustainable. There are some local authorities which are likely to have no maintained secondary schools soon, as they will have all converted to Academies. This would mean that the local authority would have no need for a formula for their secondary schools, and therefore there would be no formula to replicate. And if all an authority's schools become Academies, then LACSEG will reduce to zero because the local authority would have no need for central expenditure on maintained schools.

It is not administratively efficient. Replication is extremely labour intensive. YPLA estimates that an average replication model takes 3-5 days to build but may take up to three weeks to verify as further information and clarification is sought from a local authority. This funding system also means additional data burdens for Academies.

3. Principles for an alternative funding method

Our view is that an alternative method for funding Academies in AY2012/13 would have certain key characteristics.

It would enable a smooth transition to a new approach across the funding system. This might be a short-term, interim measure to ensure stability in the system before we move to a new approach to funding across the system, or it might mean some kind of trial approach is required.

It would ensure that funding is equivalent between Academies, free schools and maintained schools. We would want to avoid any option which gave a financial advantage or disadvantage to schools wishing to convert to Academy status.

It would be transparent and easy to understand. If an alternative method is implemented, local authorities and Academies must be clear about how calculations are made and how funding levels may change.

Questions for consultation

Do you agree with our analysis that the current system is not appropriate to fund an increasing number of Academies in a fair and transparent way?

Do you agree with the principles for an alternative method of funding Academies in 2012/13?

Are there other aims we should have for the Academy funding system in the absence of cross-system reform, such as a Fair Funding Formula?

4. School budget share

We think that there are three main options for funding Academies in 2012/13. It would be impossible, at this stage, to show the precise impact on actual funding levels if we pursued any of the particular options for an individual Academy as this would involve detailed modelling work for which the data is not currently available. However, we are able to provide an initial assessment of the options based on how they would most likely work.

The largest element of an Academy's funding is the school's core funding, known as its delegated school budget share. This is currently the same as a maintained school's current budget share received from the local authority, with some small adjustments. In AY2012/13 we could change how the school budget share is calculated for Academies.

The proposals here concentrate on Sponsored Academies and Converter Academies. We will want to consider further whether any changes are necessary to the way the budget share for Free Schools is calculated for AY2012/13. We are conscious that as the first Free Schools will open in September 2011 and new applications are currently being developed for AY2012/13, any interim changes would need to be considered against ensuring a necessary degree of certainty going forward for what will be very new institutions. The main consultation document, which is consulting on the principles on wider reform, includes Free Schools within its scope for wider system reform going forward.

Roll Forward. We would ensure that per pupil funding amounts are kept level, rolling forward the per pupil school budget share figures from the previous year. This approach would mirror the Spending Review's overall Schools Budget Settlement for FY2012/13 for maintained schools. We would intend to roll forward the per pupil school budget share that was the basis of the calculations for the previous year's budget, before any transitional protection, such as the Minimum Funding Guarantee (MFG) was applied. This consultation does not propose any MFG (or similar) protections next year but our assumption would be that if there were to be any additional protection for the maintained sector going forward, this would also be applied to Academies.

For Academies that are open before September 2012 we would roll forward their per pupil funding for the AY2011/12. Schools converting to Academy status during AY2012/13 would receive their allocation as if they were still a maintained school with additions for LACSEG.

It is important to note that this would not mean that Academies would receive the same total budget as in the previous year. This could either increase or decrease depending on how pupil numbers fluctuate at an Academy.

An important advantage of this approach is that funding for Academies and schools converting to Academy status would be predictable. The main drawback is that certain funding levels - such as deprivation funding - would remain tied to historical funding levels. However, this would be a relatively simple option which could work in the short term. Academies would also still receive Pupil Premium funding relating to their pupils as this is additional to core funding.

We believe that the roll forward option would give us a transparent interim method of funding Academies in FY2012/13 that maintains the comparability between Academies and the maintained sector. For these reasons, it is our preferred option going forward.

A fair funding formula for Academies only. We would fund Academies through a single formula on which we would consult later in the spring. This would be a useful way to trial a Fair Funding Formula for all schools. However, funding for Academies would move significantly away from comparable maintained schools and therefore does not meet our principle that Academies should not have a financial advantage or disadvantage.

Local authority based calculations. We could require local authorities to calculate Academy budgets using formulae they already hold. This would be advantageous in that Academy funding would be calculated on the financial year data closest to the academic year going forward and would not be lagged in the way it currently. However it has the disadvantage that Academies would receive indicative and final funding allocations later than now. Currently Academies receive indicative funding letters in the December in advance of the following September, with final allocations in March. This option would shorten the advanced notice that Academies have of budgets in the following year. Another disadvantage would be that Academies, as autonomous institutions, would be more reliant on local authority formulae and decisions.

Questions for consultation

Do you agree with the broad analysis of how each option might work?

Which option do you think is the best way of funding Academies in 2012/13?

Are there potential advantages and disadvantages in implementing each option that we have not considered?

5. Local authority central spend equivalent grant (LACSEG)

This is additional money for an Academy to cover central services that a local authority no longer provides. This is not a uniform figure nationwide and reflects the amount that a local authority spends on particular central services

on behalf of schools.

Currently there are services and costs funded from a local authority's Schools Budget, which form 30% of the total grant. There are also services and costs funded from other local authority sources, which form 70% of the total grant nationally. We will consider how LACSEG calculations should be made in FY2012/13, how they could be simplified and how they could reflect changes in LA settlement for FY2012/13. Our assumption is that any changes to LACSEG would also apply to Free Schools.

Questions for consultation

Are there changes you think we should consider to the way the Local Authority Central Spend Equivalent Grant LACSEG is calculated for FY2012/13?

What factors would you want us to take into consideration if we were to make changes?

6. Next steps

This document is part of the first stage in our consultation on changes to the schools funding system. As such, we would welcome comments on the questions asked in this document by 25 May 2011 rather than to the usual full 12 week consultation period. In the interim, we will continue to discuss the options for funding Academies in FY2012/13 with partner organisations.

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A consultation on school funding reform: Rationale and principles

A consultation on school funding reform: rationale and principles

1. Introduction

1.1. In the White Paper *The Importance of Teaching* the Government set out its view that the current funding system is opaque, full of anomalies and unfair and therefore in need of reform. The White Paper said we would consult on the merits of moving from the current funding system to a national funding formula, including the right time to begin the transition to a formula, the transitional arrangements necessary to ensure that schools and local authorities do not suffer undue turbulence, and the factors to take into account in order to assess the needs of pupils for funding purposes.

1.2. This document represents the first stage in that consultation and invites views on the aims and objectives of the school funding system and the high level principles for any potential reforms. Taking into account the views expressed in response to this document, we expect to publish further proposals for consultation later in the spring or in early summer. Because we consider the current system for funding Academies to be unsustainable, we are also publishing more detailed interim proposals for the funding of Academies alongside this consultation, for possible implementation prior to wider system reforms.

1.3. We have not yet carried out an Equality Impact Assessment, since it is not possible to do so until we have developed proposals for the content of a formula. However, the intention of the reforms will be to create a fairer funding system, including ensuring that additional needs of particular groups are recognised. We will carry out an Equality Impact Assessment to be published alongside the second part of the consultation.

2. The ideal school funding system

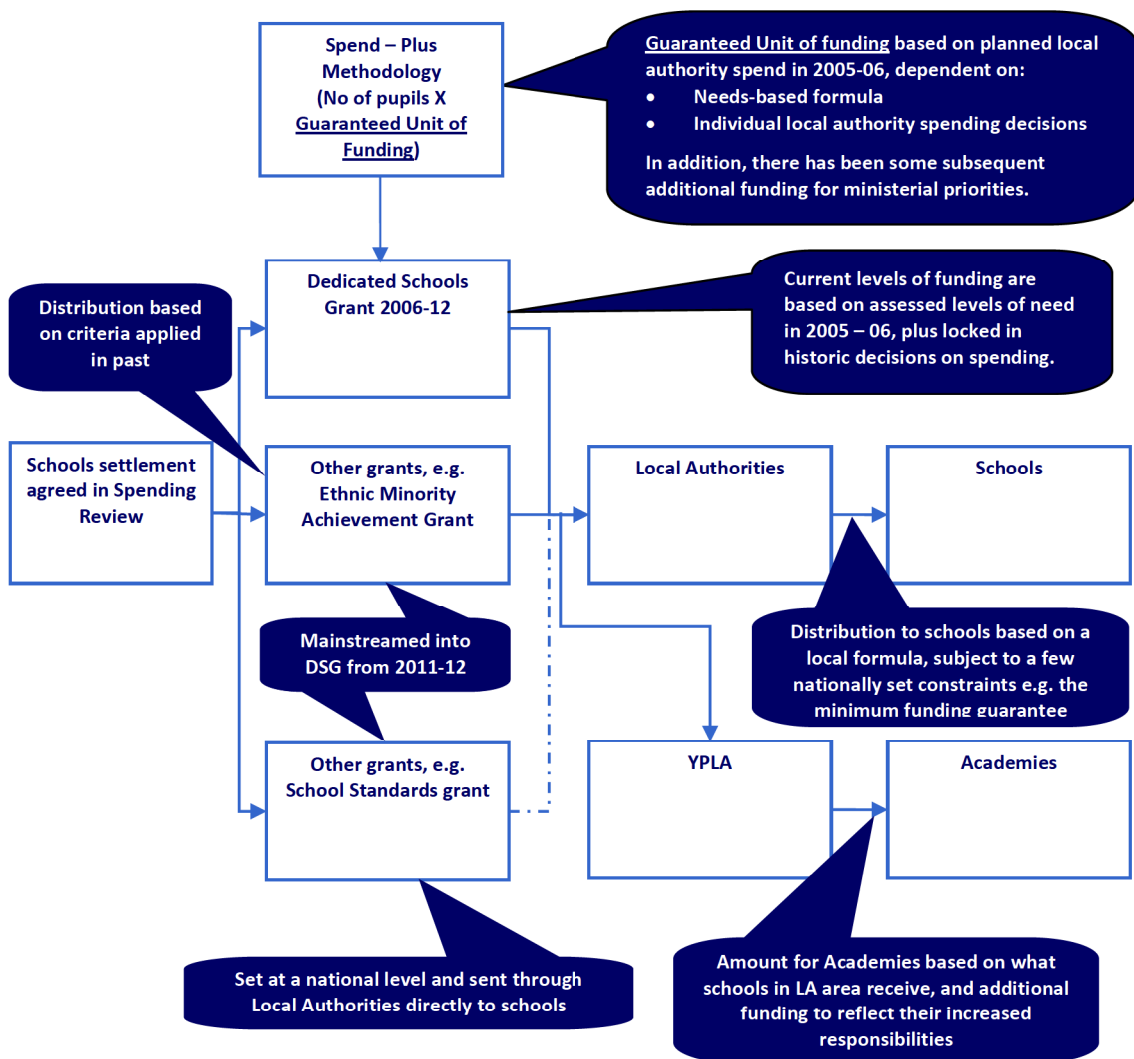
2.1. Our view is that an ideal school funding system would have certain key characteristics.

- **It would distribute money in a fair and logical way.** Schools in similar circumstances and with similar intakes would receive similar levels of funding. Not only would this be demonstrably fairer, but it would increase the accountability of schools for the outcomes they deliver for their children. Schools' budgets would also vary as they respond to the changing characteristics of pupils.
- **It would distribute extra resources towards pupils who need them most.** All children are entitled to a world class education. Yet we know that many children need additional support for which additional funding is necessary. That is why we have already introduced the pupil premium. A funding system which targets extra money at deprived children would help schools to provide them with the support to help them reach their potential, and would help improve the attainment of children overall.
- **It would be transparent and easy to understand and explain.** This would mean that parents would be able to see clearly why their child's school is funded at a certain level and how much money is being invested in their child's education. Transparency would also lead to predictability, with schools understanding why they receive the funding levels they do, and how changes to their pupil population would affect their funding.
- **It would support a diverse range of school provision.** Transparent and fair funding would ensure that all schools operated on a level playing field, be they maintained, Academy or Free School; and would mean that as new schools and providers entered the system it was clear on what basis they would be funded.
- **It would provide value for money and ensure proper use of public funds.** Revenue spending on schools currently represents over £35bn of public money. The school funding system needs to ensure that this represents good value for money, that funds are directed where they are needed, and that they are spent appropriately. In our view, schools are best placed to make decisions about how to use funding for their pupils.

3. The current school funding system and its flaws

3.1. The Department for Education has up until now paid money to local authorities for schools through a number of different grants. The largest of these is the Dedicated Schools Grant (DSG). The DSG is ringfenced – i.e. can only be used for schools, early years or certain services for pupils such as provision for children with special needs. The amount of DSG per pupil for each authority is calculated based on what the local authority received the previous year. Local authorities then fund schools using a local funding formula. The system is set out in the diagram below.

The current school funding system



3.2. This method – called ‘spend plus’ - was started in 2006-07 and represented a reform from the previous method of school funding. When the DSG was created, in 2006-07, its initial level for pupils in each local authority was based on what each authority planned to spend on schools in 2005-06 – the last year before the introduction of the DSG and ‘spend plus’. Therefore, because we still base funding from the DSG on the previous year, current levels of school funding are, in fact, based largely on those in 2005-06.

3.3. The amount spent in 2005-06 was determined by two things:

- an assessment of what the local authorities’ needs were at that time (often using data that was already becoming out of date); and
- the amount local authorities each chose to spend on schools (itself a result partially of decisions made several years previously).

3.4. So, current levels of school funding are based on an assessment of needs which is out of date, and on historic decisions about levels of funding which may or may not reflect precisely what schools needed then. It is

inevitable that over time needs have changed and historic local decisions may no longer reflect local or national priorities.

3.5. This system falls well short of the characteristics set out above. In particular:

- **It is opaque and extremely complex.** The amount of funding a school receives is dependent on a series of decisions taken at different levels in the system over a long period of time. In particular, it is heavily based on a historic assessment of needs, going back to 2005-06 and earlier, which is unlikely to be up to date or reflect the current needs of children in the school. The system is very difficult to explain; in addition to the national complexity, each local authority has a funding formula which is often very detailed. A series of minimum funding guarantees has also locked in previous funding levels for schools that do not reflect current need. The way that schools are funded under the spend-plus system makes it almost impossible to explain to parents why their children's education is funded at the level it is.
- **It is unfair as it leads to schools with similar intakes receiving very different levels of funding.** In any school funding system, we would expect to see some variation in budgets due to different needs. However the current variation cannot be explained by needs, or by local decisions. Schools in very similar circumstances can currently get vastly different levels of funding for no clearly explicable reason. Funding between comparable secondary schools can vary by £1,800 per pupil: across a 1,000 pupil school that means that the lower funded school receives £1.8 million less funding per year.
- **It fails to reflect need accurately.** Additional funding relating to additional need varies widely. For instance, the amount of additional funding targeted at deprived children varies significantly, due to how deprivation funding is distributed to local authorities and variable local policies on passing it on. Furthermore, the funding system does not respond to changes in needs or pupil characteristics. Some areas are now woefully underfunded compared with how they would be if the system reflected need properly, whereas some areas continue to receive funding to which they should no longer be entitled.
- **It does not support the new school system.** The methodology for funding Academies was devised at a time when Academies were expected to form only a small proportion of the total number of schools. It is not suitable for a system where the number of Academies is growing rapidly. In particular, it is not possible, under the current system, to deliver transparent and absolutely comparable funding for maintained schools, Academies and Free Schools and this creates perverse incentives in the system for new providers considering setting up schools or for schools considering opting for Academy status. Chains of Academies see very different levels of funding for their schools in different local authority areas even though they can see that the schools face similar challenges.

3.6. The annex contains further detailed analysis demonstrating these flaws in the current system.

3.7. These substantial flaws mean we need to give strong consideration to reforming the school funding system.

Questions for consultation

1. Do you agree with the stated characteristics of an ideal school funding system?

2. Are there further characteristics the system should have?

3. Do you agree with the analysis of how the current system falls short of these aims?

4. Do you agree with the case for reforming the system?

4. The Pupil Premium

4.1. The introduction of the pupil premium is our first step towards a fair funding system. It ensures that every disadvantaged child (currently defined for these purposes as a child known to be eligible for free school meals or who has been looked after for six months or more) attracts additional funding for their school, and will enable the school to provide them with the additional support they need to help them reach their potential. In 2011-12, the premium will be worth £430 per child; with the total value of the premium being £625million. By 2014-15, the premium will have risen in total to £2.5billion. As the total spent on the premium grows, we expect both to increase the number of children eligible for the premium and the amount paid for each child.

4.2. The premium is clear and transparent in the way it delivers additional funding for every deprived pupil. However, the underlying school funding system is neither clear nor transparent. Significant weighting is given to deprivation in the current funding system, but it is not transparent how that funding follows pupils, and the amount per child varies from school to school and from area to area. Therefore, outside of the pupil premium, the total level of funding for deprived children is neither identifiable nor consistent across all schools.

4.3. The pupil premium moves us closer to achieving our aim of ensuring that all deprived pupils have the same level of funding for their education, wherever they live in the country. It will continue as clear and additional funding for at least the period of the current Spending Review. However, improvements to the current funding system would enable the Government to deliver on this aim more effectively.

Questions for consultation

5. Do you agree that the aim of ensuring all deprived pupils get the same level of funding no matter where they live is the right one?

6. Do you agree the underlying funding formula needs to change to meet this aim more quickly and effectively?

5. A Fair Funding Formula

5.1. In the White Paper, the Government set out its long term ambition for a fair, national funding formula. A fair funding formula would lead to clear and transparent funding for primary and secondary maintained schools and Academies. It would give a clear national basis for funding schools and for providing the money to meet the needs of different groups of children. It would not mean that every school received the same level of funding. We believe it is right that different pupils should attract different amounts of funding dependent on their circumstances. That is one of the reasons why we have introduced the pupil premium. But it would ensure that schools serving similar intakes would receive similar levels of funding; and new providers would know what funding to expect since there would be complete clarity about the funding they would receive.

5.2. A key issue in any reform of the school funding system will be who takes decisions about the level of funding for individual schools. Even within a transparent, overarching, fair funding formula there could be locally agreed decisions to vary the level of funding to meet particular circumstances.

5.3. A fair funding formula could involve all schools' budgets being set according to that formula. However, a fair funding formula could also operate so that it stated a national expectation of the funding for schools and set the aggregate level of funding for maintained schools within each authority, but allowed local authorities – in consultation or agreement with the schools they maintain – to vary the actual budgets to meet local circumstances or locally agreed priorities. Such flexibility for local authorities could be limited to particular circumstances or a particular proportion of the budget, or it might be unconstrained.

5.4. The advantage of using a national formula to set schools' budgets is that it would be the clearest and simplest; and would guarantee comparability of funding between individual schools, whether in different parts of the country or between maintained schools and Academies or Free Schools in the same area. However, it would not enable funding levels to be varied to reflect particular local circumstances.

5.5. A system which allowed local flexibility would enable funding to be more responsive to particular local circumstances. And because overall local funding levels would be set in accordance with a consistent fair formula, there would be clear accountability for the decisions taken by central and local government. Such a system would, as now, enable similar schools to receive

different levels of funding. It would also raise questions about the funding of Academies and Free Schools, since we would need to decide whether their funding should also be affected by that local flexibility. If it is, then their funding would be subject to the decisions of the local authority, which would be both inconsistent with their independence and would require us to develop a more manageable system than the current one. If it is not, and their funding was set by the fair formula, then it would vary from that of local schools with similar intakes. This would risk perverse incentives for schools considering Academy status or for potential promoters of Free Schools, for instance to set up in areas where the funding was more favourable.

Questions for consultation

7. Do you think the school funding system should be based on a purely national formula? Or should there be flexibility for local decisions about funding levels?

8. If so, should that flexibility be limited, and if so how?

9. If there is local flexibility, what should the roles of local authorities, schools and the Schools Forum be in decision making?

10. If there is local flexibility for maintained schools, how should Academies and Free Schools be funded?

6. The role of local authorities

6.1. The majority of school funding is delegated to individual schools; but some funding is retained by local authorities. There is no set national definition of the balance of funding between what is delegated and what is retained centrally; nor of all the functions that should be delegated to schools and those that should be retained by local authorities.

6.2. If we move to a fair funding formula, with or without local flexibility, it will be necessary to have a clear divide between these responsibilities and the funding for them. Every school and authority would be funded in the same way regarding these responsibilities, despite their current different arrangements. There would likely be freedom for schools to decide to continue to operate particular functions through the local authority or otherwise.

6.3. The next two sections discuss the funding for two of the key areas that need handling outside of a national funding formula for schools - 'High Cost' pupils and nursery provision.

7. 'High Cost' Pupils including children with special educational needs

7.1. A fair funding formula for mainstream schools should be able to meet the needs of most pupils, including the majority of children with special

educational needs who are educated in mainstream schools. These pupils' needs are met from schools' delegated budgets at present.

7.2. However, we recognise that there are many pupils whose needs are particularly costly to meet: some of these are in mainstream schools, some in maintained and non-maintained special schools, and some in alternative provision. These would not be readily fundable through a formulaic approach, and we therefore recognise a need for local authorities to have a substantial pot of money for high cost pupils outside the fair funding formula.

7.3. For our second consultation, we will work up proposals for how this pot of money will work. There are a number of important issues to be addressed, including how to distinguish between low cost needs covered by the formula and high cost needs; how to establish the budget for high cost pupils and divide it among local authorities; how to promote personal budgets as promised in the recent Green Paper *Support and aspiration: a new approach to special educational needs and disability*; and whether there is a case for some degree of formulaic funding for high cost providers, while recognising that this will never be able to address all individual needs.

7.4. The recently published Green Paper posed three specific questions about funding for SEN. In order that views on these can be taken into account in the second stage consultation of the review on school funding, we would like to take the opportunity to ask the same questions in this first stage consultation.

7.5. **Funding for SEN support services:** These are currently managed and funded by local authorities, but funding has also been included for them in the budgets of Academies. We need to reach a sustainable, affordable solution for funding them so that schools, Academies, Free Schools and other providers all have access to high quality support services, and responsibility for providing and funding services is clear.

7.6. **Banded funding framework:** We proposed to explore a national banded framework for funding high-cost provision for children and young people with SEN or who are disabled, in addition to what is normally available in schools. This could improve parents' experience of the assessment process and make funding decisions more transparent to them. Such a framework might set out high-level descriptions of the different types of provision for children with more severe and complex SEN or who are disabled, including, for example, additional curriculum support, therapy services, physical requirements, equipment, home-to-school transport, and family support (including short breaks).

7.7. The framework would not, however, determine the financial tariff associated with a particular type of need. This is because it is not the case that any one child with a particular category of need, for example autistic spectrum disorder, will require exactly the same support as another child with the same category of need. We consider that any national banded funding framework should continue to allow local leaders the flexibility to determine the levels of funding to be associated with each level and type of provision and, therefore,

to put in place personalised packages of support for children, young people and families.

7.8. Alignment of funding across the age range: We also committed to exploring ways in which we can bring about greater alignment of the different funding streams for children and young people with SEN, or who are disabled, from birth to 25. At present, there are separate systems of funding provision for these children and young people pre-16 and post-16. There are also three different funding streams for learners with learning difficulties and disabilities post-16.

Questions for consultation

11. How do you think SEN support services might be funded so that schools, Academies, Free Schools and other education providers have access to high quality SEN support services?

12. How do you think a national banded funding framework for children and young people with SEN or who are disabled could improve the transparency of funding decisions to parents while continuing to allow for local flexibility?

13. How can the different funding arrangements for specialist provision for young people pre-16 and post-16 be aligned more effectively to provide a more consistent approach to support for children and young people with SEN or who are disabled from birth to 25?

8. Early years funding

8.1. Every three and four year old is entitled to 15 hours a week of free early education. These hours can be taken in the maintained sector as well as the private, voluntary and independent sector. The funding for free early education is included within the overall school funding system, with local authorities responsible for funding providers. The level of funding for early years varies from local authority to local authority, both because of the national distribution of funding and because of local decisions about the balance of funding between early years and older children. Around a half of free early education for three and four year olds is delivered in schools.

8.2. All local authorities have recently introduced the early years single funding formula (EYSFF). The EYSFF has been intended to increase transparency in how providers are funded in each local authority, as well as bringing greater efficiency through funding on levels of participation and not on capacity. The EYSFF was also intended, through use of financial incentives, to support local authority action to maximise the impact of free early education in tackling disadvantage, increasing the quality of provision and enhancing flexibility for parents.

8.3. Feedback on the introduction of the EYSFF has been mixed. There is greater transparency than previously on early education funding, and participation funding has brought a greater focus on participation levels. However, there have been some suggestions that formulae used in the EYSFF pathfinder LAs were more complex than perhaps was necessary. Additionally, whilst the EYSFF has increased awareness of tackling disadvantage, the quality of provision and the importance of flexibility, it is not clear how effective funding supplements have been in incentivising providers. There are also differences in funding rates paid to providers across the country. Some argue these differences are unfair; others say that they reflect different circumstances in local childcare markets.

8.4. If a fair funding formula is introduced for reception to year 11 provision, there will obviously be implications for how free early education funding will operate. The relationship between free early education funding and the fair funding formula, as well as how early education funding is distributed, will need to be clarified.

Questions for consultation

14. How successfully has the EYSFF been implemented? How might it be improved?

15. How important is an element of local flexibility in free early education funding? What might alternative approaches look like?

16. How should we identify the total amount of funding for early years and free early education for three year olds and four year olds not in reception from within the overall amount of 3-16 funding?

9. Elements of a fair funding formula

9.1. Any school funding formula consists of direct and proxy indicators that attempt to measure the needs of different children. Following this first part of the consultation process on a fair funding formula, we would expect to consult in more detail on possible indicators and the balance between them. However, there are some key principles on which we are seeking views now.

9.2. **Pupil vs school characteristics?** A school funding formula would be largely based on pupil-led factors, such as the number of pupils and the number of pupils from deprived backgrounds. However, it could also contain factors based on the characteristics of the school itself, such as funding based on the floor area of the school; or additional funding to support small schools.

9.3. A formula which takes into account the characteristics of a school in addition to just the characteristics of the pupils in the school may be better able to reflect the cost of existing provision. However, it would be less supportive of entry of new providers into the system and risks solidifying the current pattern of provision. It also does not encourage greater efficiency as it can protect less

cost effective provision and create disincentives to moving to more efficient organisation.

9.4. Our view, therefore, is that the formula should be based on pupil characteristics, with the probable exception of some mechanism to support small schools. This mechanism might, for example, be a lump sum element for all primary schools.

9.5. **What pupil factors should a formula contain?** The Government is clear that any formula should include a basic per pupil amount for all pupils (this will be higher for secondary pupils than for primary) plus extra funding per deprived child. The pupil premium will also continue to provide additional funding. It is our long term aim for the pupil premium to be fully integrated within the fair funding formula, and to be the vehicle for clear and transparent distribution of all deprivation funding.

9.6. However, there may be other needs that a formula should take into account. These might include additional funding to recognise different labour costs in different areas (the 'area cost adjustment'); other geographical factors such as rurality; funding for children for whom English is not their first language; underperforming ethnic groups; other proxy measures for additional or special educational needs; and incentives or rewards for improved performance.

9.7. **Complexity vs simplicity.** The simpler a formula, the clearer and more easily understandable it will be. That means it should be clearer to parents and schools why they receive the funding they do, and it will be clearer to potential promoters of new schools what funding they will receive. However, a very simple formula may be less accurate at addressing the differing needs of schools and pupils.

Questions for consultation

17. Should the formula include only pupil led factors or also school led factors?

18. What factors should be included?

19. What is the right balance between simplicity and complexity?

10. How should we manage the transition to a new funding system?

10.1. The Government has protected school funding overall at the same cash level per pupil for the Spending Review period, with the pupil premium in addition to that. As demonstrated in the annex, the current funding system delivers very different levels of funding to schools with similar characteristics and similar intakes – in a way that goes beyond local choice. That is both unfair and inefficient. A fair funding formula would remedy that situation. But, by definition, that means that as we move to a fair funding formula, some

schools will see their budgets reducing relatively whilst others see them increasing. This levelling of funding to schools in similar circumstances must be right, but it could cause difficulties for those schools most affected and will need to be managed carefully.

10.2. We would expect, therefore, to implement any move to a fair funding formula with significant protection arrangements. These would be likely to set a maximum level of reduction in budget per pupil any school would receive each year; and to pay for this by constraining the level of increase any school could receive. These are called floors and ceilings.

10.3. We also think that the more notice we can give schools of changes to their budgets, the more able they will be to cope with those changes. There may, therefore, be a case for setting very tight floors and ceilings (ie so no school sees large changes to its budget) in the first years of introduction of a fair funding formula, but to allow greater fluctuations over time with schools notified of these well in advance. For the current Spending Review period at least, we expect the pupil premium to operate outside these transitional arrangements, so every school would receive the full value of the premium, clearly in addition to the rest of their budget.

10.4. There is also the question of when to begin movement to a fair funding formula. In the current fiscal climate, with school funding protected but not seeing large increases, there is an argument for delaying the introduction of a fair funding formula until we can afford additional funding to help pay for transitional arrangements. On the other hand, the current inequitable distribution of funding is inefficient, and it is more important now than ever to ensure we are getting maximum value for every pound of public money we spend. Schools with relatively higher levels of funding per pupil are likely to be comparatively more able to make efficiencies.

Questions for consultation

20. What level of change in budgets per year can schools manage?

21. How much time do schools need to plan for changes in their funding?

22. When is the right time to start moving towards a fair funding formula?

11. Next steps

11.1. This document is the first stage in our public consultation on a fair funding formula. We would welcome comments on the questions asked and on other aspects of the school funding system by 25th May.

11.2. In the interim, we will continue to discuss reforms to the system with partner organisations. We will then consider responses to this document, before publishing the next stage of the consultation later in early summer.

11.3. Consultation responses can be completed:

- online at www.education.gov.uk/consultations/
- by emailing schoolfunding.consultation@education.gsi.gov.uk
- or by downloading a response form which should be completed and sent to:

Ian McVicar
Funding Policy and Efficiency Team
Department for Education
Level 4
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Annex – Problems with the current school funding system

The current funding system is difficult to understand

The current school funding system is based on an assessment of pupil need that was made in 2005-06. Funding levels are a mixture of formula results, historical protections, and a multitude of different grants. Complexity exists both nationally, through the way the Dedicated Schools Grant is calculated, and locally, through different local authority formulae.

Local complexity

There are 152 local authorities in England and each local authority has its own formula for calculating school funding. Each formula takes into account different factors and apportions different percentages of funding to each factor. This can mean that different factors, such as site specific factors, attract varying levels of funding in each local authority. For example, in one local authority, site specific factors (pupil-led) constitute 12% of a school's budget share, whereas in a different local authority that has similar pupil characteristics, site specific factors (pupil-led) constitute only 3% of a school's budget share.

The minimum funding guarantee

The minimum funding guarantee (MFG) adds an additional layer of complexity to the system. It was introduced as a protection to school budgets which guaranteed increases or limited decreases in funding and therefore provided stability. However, the way in which the MFG operates alongside the current spend-plus system can prevent the local formula from working properly and, therefore, can be seen as partly responsible for locking in historical differences and creating opacity in the system. In 2010-11, 5,255 schools (nursery, primary, secondary and special) were on the MFG. 26% of all primary schools were on the MFG and 17% of all secondary schools were. For 550 out of the 5,255 schools, the MFG represents over 5% of their budgets (not including grants). This means that in a significant number of schools and local authorities, the local formula is not able to distribute funding in the way in which it intended.

The way that schools are funded under the spend-plus system, makes it almost impossible to explain to parents why their children's education is funded at the level it is.

Funding variations in the system

Schools with similar characteristics receive varying levels of funds

In any school funding system, we would expect some variation in the amounts that schools receive by taking into account different measures such as deprivation and English as Additional Language (EAL). However, none of these factors can explain the variation we currently observe.

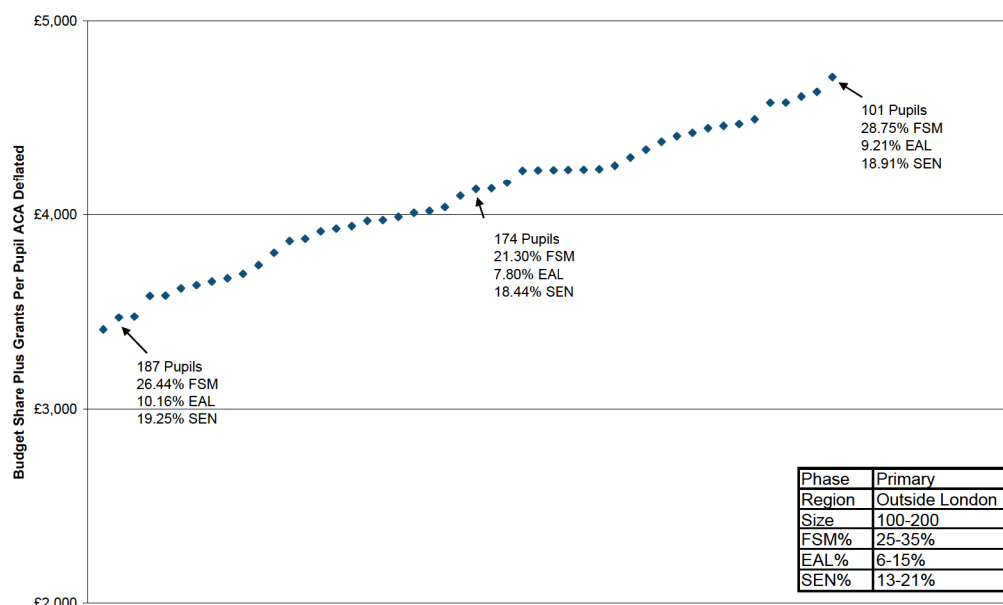
We can look at groups of schools with similar characteristics and similar pupil intakes and see how much their funding levels vary. The following graphs show primary and secondary schools with similar characteristics.

Primary schools

In a fair funding system, you might expect similar primary schools to receive a similar level of funding, i.e. for the graph to show a flat line. However, what the graph in fact shows is a large variation in funding between the similar schools chosen; ranging from around £3,400 per pupil to over £4,700. That difference, in a 150 pupil school, is equal to a total of over £195,000 and could pay for 5 extra teachers.

2010-11 budget share plus grants per pupil* for a selection of similar primary schools

*ACA deflated to ensure comparability



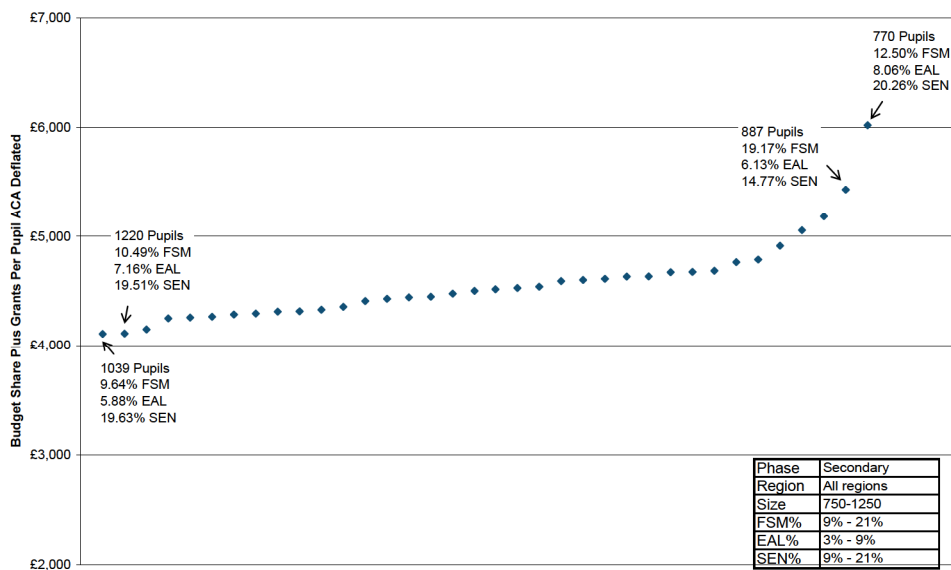
Source: Section 251 2010-11 Budget Table 2 as of 06/01/11 and Annual School Census January 2010

Secondary schools

In a fair funding system, you also might expect similar secondary schools to receive a similar level of funding. However, this graph also shows that there is a large variation in funding between similar schools; ranging from under £4,200 per pupil to over £6,000. That difference, in a 1000 pupil school, is equal to a total of over £1.8m and could pay for 41 extra teachers.

2010-11 budget share plus grants per pupil* for a selection of similar secondary schools without 6th form

*ACA deflated to ensure comparability



Source: Section 251 2010-11 Budget Table 2 as of 06/01/11 and Annual School Census January 2010

When variations of funding between schools occur it is very difficult to explain, to parents of children at the lower funded school, why their children's education is funded at the level it is. Sometimes it is hard to justify the level of funding one school receives in comparison to another similar school, either nearby or elsewhere in the country.

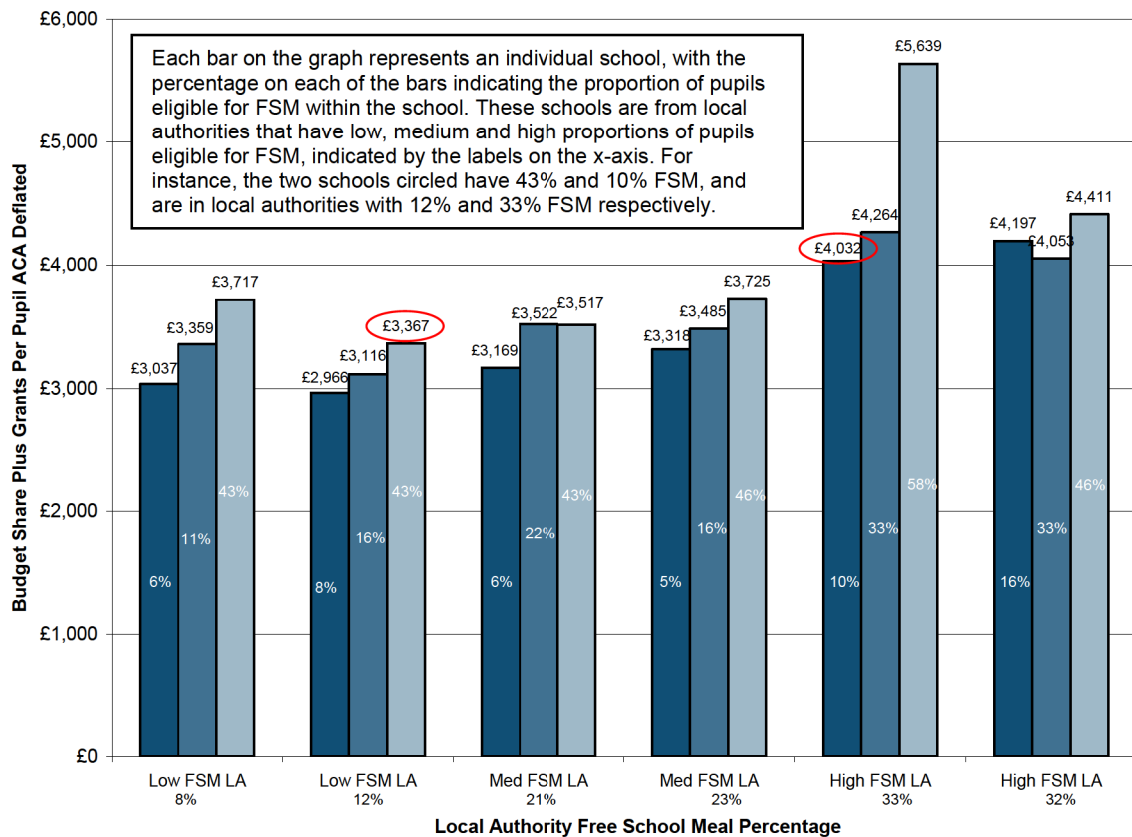
Funding fails to reflect needs accurately

Schools with higher levels of deprivation can receive less money per pupil than schools with lower levels of deprivation

The following graph shows examples of schools with low numbers of deprived pupils in highly deprived areas, receiving a greater amount of funding per pupil than schools with high numbers of deprived pupils in areas with both low and medium levels of deprivation overall. This means for example that a school with 43% of pupils eligible for FSM can receive £665 less funding per pupil than a school with 10% of pupils eligible for FSM (circled on the graph). This is caused by a combination of national and local factors – both the way the authorities have been funded and the way the authorities are funding schools.

Variation in 2010-11 budget share plus grants* between medium size primary schools in local authorities with high, medium and low levels of pupils on FSM (without pupil led SEN funding)

*ACA deflated to ensure comparability



Source: Section 251 2010-11 Budget Table 2 as of 06/01/11 and Annual School Census January 2010

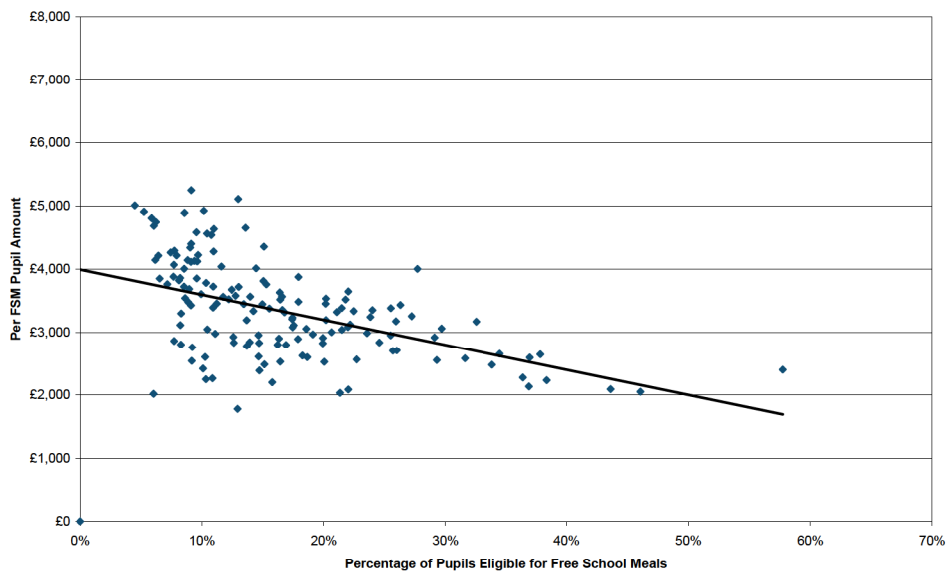
Deprivation funding is not universally well-targeted

There is significant deprivation funding in the current spend-plus system. However, it is not always well targeted and different local authorities have different methods of targeting this funding.

The graph below shows the funding that each local authority allocates for deprived pupils. There is significant variation reflecting local decisions but lower funded authorities tend to allocate higher levels of funding to their deprived pupils. Under the current system, the amount of funding that a deprived pupil receives is dependent on the local authority in which they are educated – both because of local decisions and the way local authorities are funded nationally.

A fair funding formula, alongside the pupil premium, would mean deprived pupils receive comparable levels of funding wherever they are.

Local authorities by percentage of secondary pupils eligible for FSM against extra funding allocated locally per deprived pupil

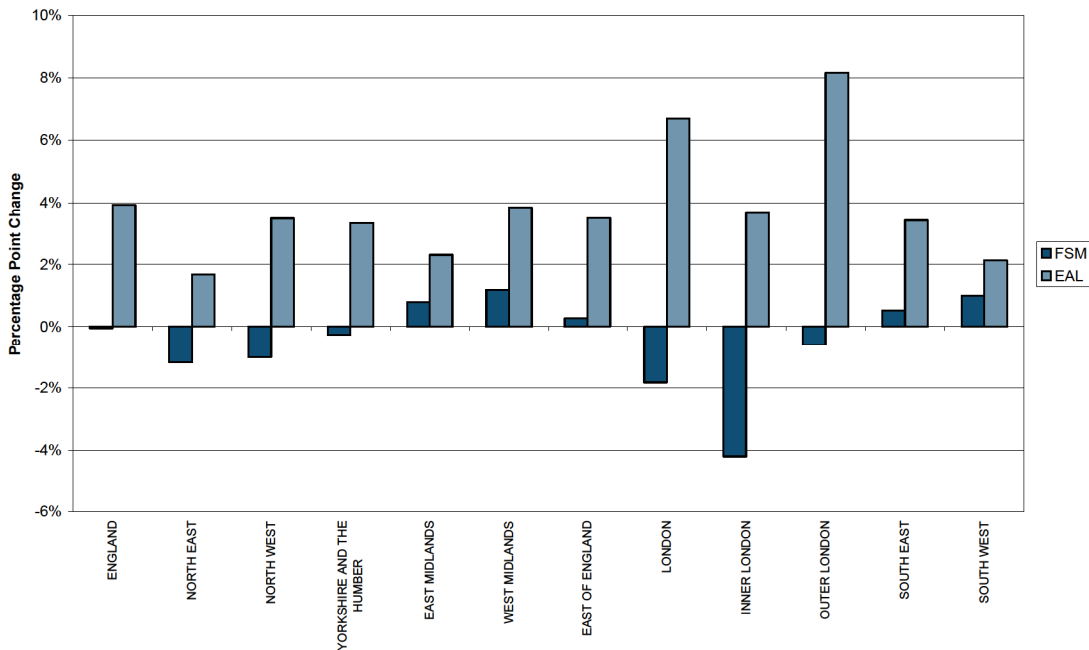


Source: Academic Year 11/12 Free School Ready Reckoner Tool based on analysis on Financial Year 10-11 Data from S251. FSM data from Annual School Census 2010.

The system does not respond to changing pupil characteristics

The current system is based on an assessment of need in 2005. The nature of the system means that historical differences are locked in which, in turn, means that it is unable to respond properly to changing characteristics at a local level.

All regions primary and secondary school change in FSM and EAL between 2005 and 2010^{1,2}



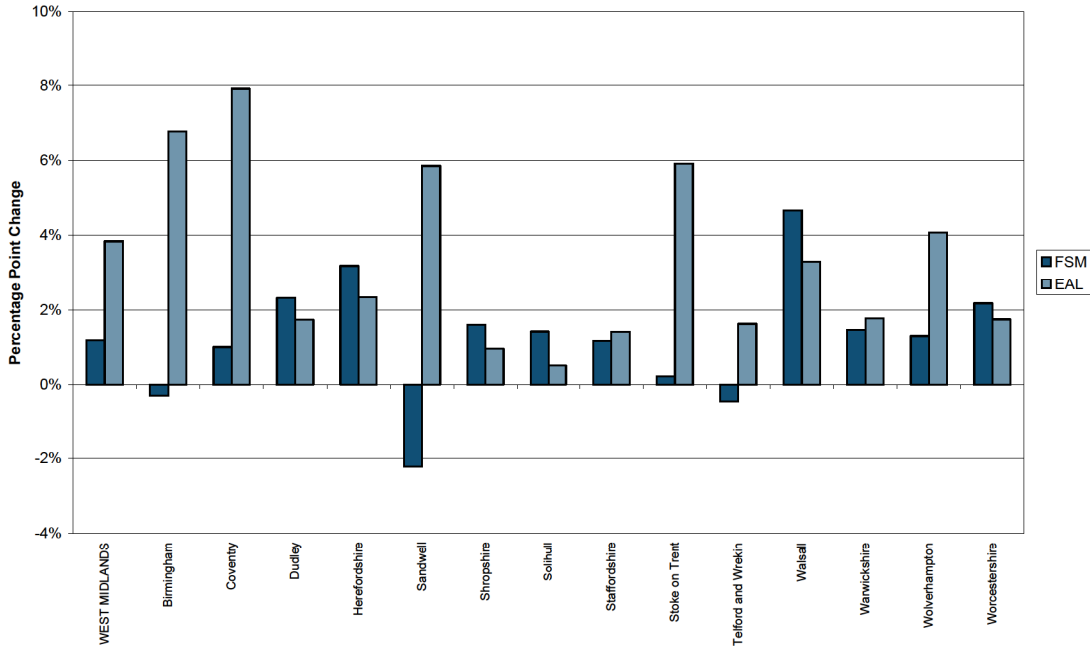
From the graph, we can see that since 2005 all regions have experienced changes in the number of pupils on Free School Meals and the number of pupils with English as an Additional Language (EAL). Local authorities that have seen increases in these pupil numbers will not have received any additional funding (or had their funding relatively reduced) to reflect these changes (before the pupil premium). A responsive system would reflect these changing characteristics.

¹ The underlying pupil characteristics used in setting the Guaranteed Units of Funding for 2005 used the most up to date pupil characteristics data available at the time. The information used for FSM and EAL in this, and subsequent pupil characteristics graphs, has been taken from 2004 and 2010 pupil characteristics. However, in this document it will be referred to as 2005 pupil characteristics as the funding levels were set for 2005 using this data.

² **Source:** Statistical First Release 2004 and 2010 – Schools, Pupils and their Characteristics

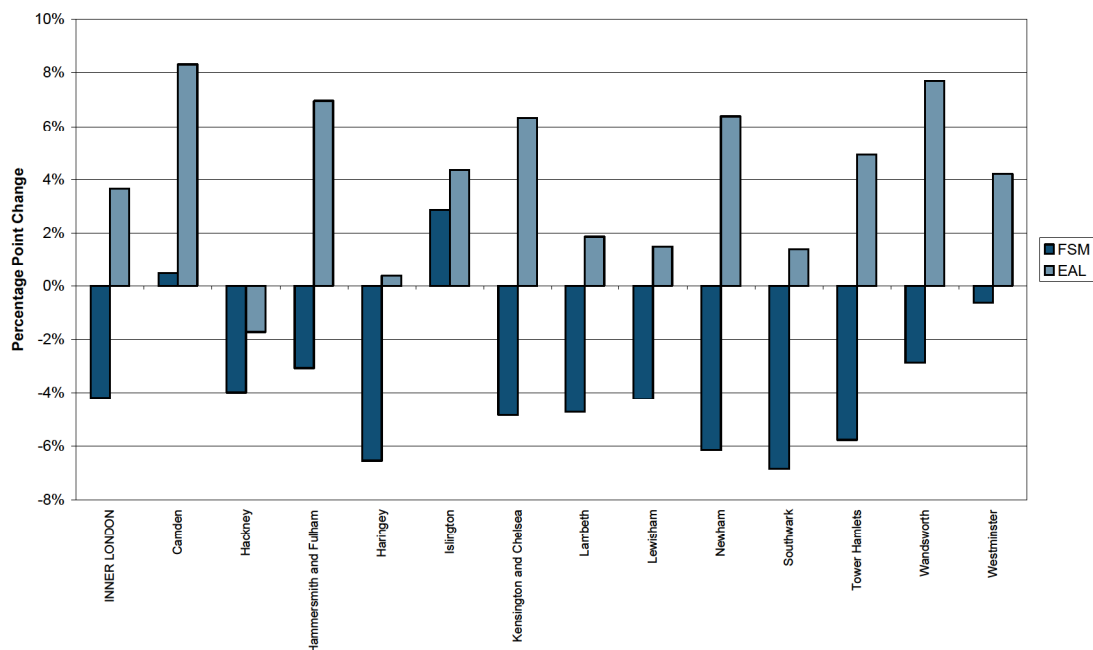
The below graph shows that the West Midlands is an example of a region where both FSM and EAL have increased since 2005 in all but two local authorities. The funding system does not reflect the current level of need in this region.

West Midlands primary and secondary school change in FSM and EAL between 2005 and 2010²,



In contrast to the West Midlands, Inner London has seen both increases and decreases in the percentage of pupils with EAL and on FSM since 2005. These changes will not be reflected in the funding system.

Inner London primary and secondary change in FSM and EAL between 2005 and 2010²,



The ability for local authorities to cope with changing circumstances under the spend-plus system is varied. For example:

- In a West Midlands local authority, EAL increased by 7.91%, and FSM increased by 1%
- An Inner London local authority experienced a 6.84% decrease in FSM and only a 1.41% rise in EAL.

From these examples we could expect that the Inner London authority may have some capacity to cope with the relatively small rise in EAL due to the decrease in FSM. However, the West Midlands authority may not have the capacity to cope with both the rise in FSM and EAL.

If the data was updated to reflect current need, most local authorities would see a change in their funding levels.

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MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	SCHOOL STRATEGIC GROUP- UPDATE
REPORT BY:	ASSISTANT DIRECTOR: IMPROVEMENT & INCLUSION

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

For information.

Recommendation

THAT:

the progress of the Schools Strategic Group is noted

Key Points Summary

- The Schools Strategic Group was an initiative of the then Interim Director of Children's Services (May 2010 – February 2011) and Assistant Director: Improvement & Inclusion.
- The purpose of the group was to: To provide a forum for debate and discussion, enable all schools and settings to maintain close and effective working links, to provide a clear process for communication, maximise the positive impact of all schools and services in their delivery of excellence for all children and young people and to stimulate forward thinking.
- The group have met on two occasions and both meetings have been well attended.

Alternative Options

- 1 There are no alternative options.

Reasons for Recommendations

- 2 There are no recommendations- report for information only.

Introduction and Background

- 3 Membership of the group includes:

Further information on the subject of this report is available from
Kathy Roberts, Assistant Director: Improvement & Inclusion on (01432) 260804

Interim Director for People's Services
Assistant Director: Planning, Performance and Development
Assistant Director: Community Operations
Assistant Director: Improvement and Inclusion
Assistant Director: Safeguarding and Vulnerable Children
Kington Primary School
St Paul's C E Primary School
St Martins Primary School
Lord Scudamore School
Peterchurch Primary School
Staunton on Wye Endowed Primary School
The Bishop of Hereford's Bluecoat School
Weobley High School
Kingstone High School
St Mary's High School
Weobley High School
Barrs Court School
Hereford College of Technology
Director of Education, Hereford Diocese
Archdiocese of Cardiff Commission for Schools and Colleges
Chair of Herefordshire Association of Governors
Governor

- 4 The group have held two meetings on 10 March 2011 and 5 May 2011. Topics addressed in these meetings were the purpose of the group and desired outcomes, the rising to the challenge programme and the new structural model for schools- sharing the approach taken by the CE Diocese.
- 5 Purpose of the Schools Strategic Planning Group, as agreed and signed off at the second meeting:
- The development of an agreed local framework for the new models of school organisation to improve quality and outcomes for children and young people
 - To contribute to the debate about the strategic investment plan for the Dedicated Schools Grant
 - Understanding and shaping health and social care support with the new commissioning, new providers and localities arrangement.
 - Understanding and communicating the role of the Local Authority.
- 6 On 5 May the Group considered the Rising to the Challenge programme. And the following were identified as areas for action:
- **Customer Focus** – Develop a (part of the) customer organisation that is focused on the needs of corporate ‘customers’ – including schools – we need to work together both as partners in service delivery and as providers of services such as HR, procurement, etc
 - **Communities First** – Schools to develop their role as ‘hubs’ to promote locality based partnerships and improve local communities
 - Empowering special schools to act as hubs for all disability related services and developing a trans-disciplinary workforce with common career development
 - Schools as signposters to other service providers with guidance clarifying need
 - **Streamlining the Business / Better Services** – Improving the way we commission – schools and colleges learning from each other, working with Herefordshire Public Services, and sharing framework (and other) arrangements:
 - Driving discounts through collaboration
 - Driving down the cost of insurance
 - Hot school meals
 - Transport
- Better Services** – Developing a collaborative approach to dealing with surplus places
- 7 Phillip Snell, Director of Education, Hereford Diocese also attended the 5 May meeting and presented on the Diocesan approach and considerations regarding academy status.

Key Considerations

- 8 Report for information only.

Further information on the subject of this report is available from
Kathy Roberts, Assistant Director: Improvement & Inclusion on (01432) 260804

Community Impact

- 9 The Schools Strategic Group will maximise the positive impact of all schools and services in their delivery of excellence for all children and young people and stimulate forward thinking and planning to inform future developments on local, regional and national issues.

Financial Implications

- 10 No financial implications have been identified, although the emphasis is on achieving better value for money and better outcomes in an environment of reducing budgets.

Legal Implications

- 11 No legal implications have been identified.

Risk Management

- 12 No risks have been identified.

Consultees

- 13 None

Appendices

- 14 None

Background Papers

- 15 Minutes of Schools Strategic Meeting on 10 March 2011.

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	SCHOOLS' CAPITAL INVESTMENT PROGRAMME
REPORT BY:	HEAD OF ACCESS & CAPITAL,

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To receive information on capital funding arrangements for 2011/12 and a summary of the James Review of capital expenditure in schools.

Recommendation

THAT Committee note and comment on the report as part of its advisory function.

Key Points Summary

- The 2011/12 capital allocations for Herefordshire show an 80% decrease in schools' devolved formula capital allocations. Although, in part, this is due to the Government allocating the bulk of capital maintenance grant to the Local Authority, rather than to schools, the overall capital allocation for 2011/12 is about £1.4 million below the 2010/11 allocation.
- The James Review was commissioned by the Department of Education (DfE) to ensure that future capital investment will provide good value for money and will support the Government's ambitions to reduce the deficit, raise standards, tackle disadvantage, address building condition and meet the requirement for school places in areas experiencing an increase in the birth rate. The key recommendations include:
 - Determining capital allocation using objective information on the need for pupil places and on the condition of the local school estate.
 - Procuring and managing larger projects through a "central body" set up by the DfE.
 - The central body putting in place a small number of new national procurement contracts for building projects.
 - Developing a standardised suite of drawings and specifications that can be applied across a range of projects for new buildings.
 - Utilising a fast-track approach to procurement to reduce the time and cost burden for bidders and the client.

- Making responsible bodies (usually the local authority, diocesan bodies and academy trusts) accountable for maintenance of facilities with clear parameters set for the standard of maintenance required.
- The government is determining its response to the James Review which is expected later this summer. Herefordshire will implement any changes within the national context, but is well placed to involve schools through the Capital Strategy Consultative Group, which has school representation and has already influenced the use of the primary capital strategy grant for 2010/11.

Alternative Options

- 1 This report is for information and therefore alternatives are not provided.

Reasons for Recommendations

- 2 To provide sufficient information and opportunity for Schools Forum to comment on and to make recommendations on the 2011/12 capital programme arrangements for schools.

Introduction and Background

- 3 This report is to provide information on the key areas of progress and challenge within the capital programme for 2011/12 and to provide a summary of the James Review of capital expenditure in schools.

Key Considerations

Capital funding grants 2011/12

- 4 On 13 December 2010, the Secretary of State announced details of allocation of over £2 billion of capital funding for 2011-12 to schools and local authorities.
- 5 The announcement included details of allocation of:
 - £800 million of basic need funding to local authorities to provide school places where needed in their area, in all categories of taxpayer-funded schools
 - £858 million of maintenance capital to local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in their area
 - £196 million of locally-coordinated Voluntary Aided schools programme capital to support the maintenance capital needs of voluntary-aided schools
 - £185 million of devolved formula capital for schools.
 - £800 million basic need funding has been allocated according to relative need for new places, based on forecast data provided by all authorities. All taxpayer-funded schools within each local authority will be eligible for this funding, including voluntary-aided schools, open academies, and new Free Schools where they address basic need pressures.
- 6 The proportion of the funding available for capital maintenance which has been allocated to each authority has been determined by school and weighted pupil numbers from the most recent data available. The voluntary-aided sector has been allocated a fair share based on pupil numbers, and reflecting the governors' 10 per cent contribution and eligibility for VAT.

Allocations have been abated where schools have been or are about to be modernized through Building Schools for the Future or PFI projects.

- 7 £185 million devolved formula capital funding has been allocated direct to all taxpayer-funded schools based on a national formula of £4,000 per school and a per pupil sum which is weighted for the type of pupil: £11.25 (primary), £16.875 (secondary), £33.75 (SEN). This is a much lower rate than previously. For most schools, devolved formula capital has reduced by 80% on previous years' funding levels. The Audit Commission criticised the allocation of large amounts of funding to schools that was not targeted to building need. Therefore, in view of the need to prioritise, the Government has balanced the bulk of maintenance funding to local authorities, to support local priorities and larger projects, with coordinated and efficient procurement.
- 8 All these programmes will be delivered as capital grant.
- 9 Allocations for 2012/13 until 2014/15 will be informed by the outcome of the James Review of Capital Expenditure in Schools. While the allocation and management for these programmes may change to reflect the recommendations of the review, it is expected that the funding available for basic need and capital maintenance of schools will be roughly in line with the funding for 2011/12.

Herefordshire Local Authority allocations – 2011/12

Grant	Indicative allocation 2011/12 (£000)	2010/11 allocation for comparison (£000)	Difference (£000)
Basic Need	2,154	458	1,696
Capital Maintenance – Local Authority Maintained Schools	2,696	1,949	747
Capital Maintenance – Locally Co- ordinated Voluntary Aided Schools Programme	907	1,032	(125)
Schools Access Initiative	0	286	(286)
Devolved Formula Capital	679	3,589	(2,910)
Harnessing Technology (Devolved to schools)	0	545	(545)
Total	6,436	7,859	(1,423)

- 10 The Local Authority is working with schools, through the Capital Strategy Consultative Group (established as part of Children & Young People's Capital Strategy) to allocate Basic Need and Capital Maintenance funding, using the CYPD Capital Strategy format and assessment tool. This approach was used successfully to allocate the 'match funding' element of the primary strategy capital money in 2010/11 and involves school phase representation and Archdiocese and Diocesan representatives.

James Review of capital expenditure in schools

- 11 The James review was published in early April 2011. Led by Sebastian James (a director at electrical retailer Dixons) the review panel was tasked with considering the Department for Education's (DfE) existing capital expenditure and making recommendations for future delivery models for capital investment in schools.
- 12 The review of Building Schools for the Future (BSF) identified evidence of poorly defined goals, allocation of funds based on inappropriate criteria, weaknesses caused by the lack of an "expert client" and a cumbersome and bureaucratic procurement process. While it is important not to lose sight of the fact that there were some success stories in BSF, including Herefordshire's Earl Mortimer College and, through the Academies programme, The Hereford Academy, which will open its doors to students in September, the review's core sentiment is that reform is necessary to achieve value for money and fit-for-purpose school buildings in the new financial landscape.

Summary of recommendations

- 13 The review's key recommendations include:
- Determining capital allocation using objective information on the need for pupil places and on the condition of the local school estate.
 - Procuring and managing larger projects through a "central body" set up by the DfE.
 - The central body putting in place a small number of new national procurement contracts for building projects.
 - Developing a standardised suite of drawings and specifications that can be applied across a range of projects for new buildings.
 - Utilising a fast-track approach to procurement to reduce the time and cost burden for bidders and the client.
 - Making responsible bodies (usually the local authority, diocesan bodies and academy trusts) accountable for maintenance of facilities with clear parameters set for the standard of maintenance required.
- 14 Some of the review's recommendations are likely to be subject to further consultation but there is a strong sense that they will largely be adopted by the government. Its initial response is expected later this school.
- 15 If adopted by Government, work will be required to turn the review's recommendations into a workable model. The success of the model is heavily dependent on the new central body, but its exact role and structure remain uncertain. The expectation is that Partnerships for Schools (PFS), the organisation responsible for delivery of BSF, will form the core of the new body.

- 16 Local authorities will see the biggest change, with their direct involvement in procurement and contract management of major schemes changing to one of engagement and local influence. Instead of the government providing money for new buildings, it will provide the building itself, procured through the new central body. The review believes that centrally procured national contracts will offer the best approach to achieving a streamlined procurement process.
- 17 The review envisages that local capital expenditure needs will be established through investment plans agreed locally and approved centrally. These are to be co-ordinated by local authorities. The review envisages these investment plans balancing the needs of all schools (including academies and free schools), not just local authority-maintained schools.
- 18 The detail is yet to be developed, but whatever criteria are set by Government to assess capital expenditure needs, they must be clear if they are to facilitate local agreement on priorities from competing interests.
- 19 Contractors will welcome moves to streamline the procurement process and larger contractors will feel confident of making it on to the new national contracts. However, if these contracts are procured on a national basis, this will cause concern for those (including the government) who want to ensure that small and medium enterprises are given a full opportunity to bid for and win public sector work.
- 20 The review makes clear that the procurement should be structured to allow small and medium enterprises to bid successfully but further detail is required to see how this would be achieved.
- 21 From an individual school and academy perspective, the centralised approach and increased standardisation will mean accepting less direct influence in the end design of their school. Ultimately a school or academy may consider that a basic building in good condition is better than a crumbling building or no building at all.
- 22 The review leaves the door open for some direct local procurement. Local authorities (and other responsible bodies, like academy trusts and charitable foundations) could “earn the ability to procure autonomously based on their proven delivery capability”. However, there is no detail at this stage on what criteria would be applied to earn this right.
- 23 The review refers to larger projects being procured centrally but does not recommend a threshold for deciding which projects fall into this category. Further detail is required on where the threshold will be set to strike the balance between the benefits of central procurement and the requirement for swift local action to meet a particular need.
- 24 Time will tell whether the changes that flow from this review will deliver what they seem to promise. Much depends on their implementation. At this stage, there are many more questions to be answered but the scale of the shift in culture and approach these recommendations herald should not be underestimated.
- 25 Herefordshire will take the Government’s response to the James Review to the Schools Strategic Group, and make the most of the new organisational arrangements of Herefordshire Public Services, including any proposals regarding the delivery of property functions as part of the organisation’s Rising to the Challenge programme.

Community Impact

- 26 The capital investment programme of the People’s Directorate, including schools and early years settings, has wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

Financial Implications

27 These are contained in the body of the report

Legal Implications

28 The use of capital funding including grants must comply with the legal requirements associated with each funding stream and the conditions of specific grants

Risk Management

29 The risks are set out in the body of the report.

Consultees

30 None applicable.

Appendices

31 None.

Background Papers

- None identified.

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	SCHOOLS LIBRARY SERVICE OFFER 2011/12
REPORT BY:	Principal Officer Outreach and Access

Wards Affected

County-wide

Purpose

To update the Schools Forum on the Schools Library Service (SLS) offer to schools 2011/12 with funding arrangements plus information on the new cultural offer to schools that will be available in 2012.

Recommendation

THAT:

Schools Forum revises the scheme of delegation for Schools Library Service (SLS) so that the funding arrangement is in line with that for other services for 2011/12.

Key Points Summary

- The Schools Library Service (SLS) recognises the financial pressures faced by schools and by making savings in the service has revised its charges for 2011/12 to offer a competitive price, a wider choice of options and a discount scheme to help schools buy their own books
- From March 2012 SLS will be part of a new cultural offer to schools encompassing Libraries, Heritage, Arts and Archives. This will be a traded service
- For the interim period 2011/12 SLS needs sufficient income in order to continue operating and to make the transition to the new service
- The interim Director for People's Services and the Director for Places and Communities have agreed that for 2011/12 schools should be able to use money delegated to them in line with the general scheme of delegation, and not be held to the current wording of Herefordshire's scheme of delegation

Alternative Options

- 1 The alternative option is that the funding arrangement for SLS continues for 2011/12. There

Further information on the subject of this report is available from
 Sarah Chedgzoy/Julia Radburn, Principal Officer Outreach & Access (01432) 260731

is a risk that without sufficient funding this year SLS would not be able to operate for the schools that do wish to purchase the service and it would have an impact on the new cultural offer. However, this option would prove untenable in terms of the requirements and ethos of locally managed schools and the scheme of delegation. A number of schools have raised the issue of the current wording of the scheme of delegation, and the application of this current scheme for SLS as being a disincentive to buy the service.

Reasons for Recommendations

- 2 The recommendation gives schools the freedom to use delegated money to purchase a range of services, in line with all other service areas.

Introduction and Background

- 3 The Schools Library Service (SLS) supplies a range of resources, events, expertise and training to support the curriculum, children's literacy and CPD for staff in school. Since 2000 the funding has been delegated and earmarked for primary and special schools. This arrangement was reviewed at the request of the Schools Forum in 2008/9 with the result that the majority of the schools responding opted for the status quo. However, changes to school organisation and funding mean that the arrangement needs reviewing again.

From 2012 SLS will be part of a wider cultural offer to schools that will include Libraries, Heritage, Arts and Archives. This new offer will be a traded, subscription service.

Key Considerations

- 4 The Schools Library Service (SLS) recognises the financial pressures faced by schools and by making savings in the service has revised its charges for 2011/12 to offer a competitive price, a wider choice of options and a discount scheme to help schools buy their own books.

At the same time the SLS needs a guaranteed level of income to be able to continue operating until the new cultural offer is available. SLS also has a commitment to the schools that have already signed up for 2011. It is currently engaged in existing programmes with schools i.e. book groups, 2011 Carnegie/Greenaway shadowing; schools are ordering resources for this year and advisory work is in progress with schools who are working on their libraries.

It has always been the intention that this service would be offered as a traded service from 2012 as part of a wider cultural offer and work on this offer started in 2010 in consultation with schools.

Community Impact

- 5 The recent consultation demonstrated that the value to schools of SLS falls in the following areas:
 - Professional expertise to support the school library and pupil's use of it, disseminating best practice and offering CPD for school staff
 - Supporting learning across the whole curriculum and being responsive to the needs of individual schools e.g. bespoke project collections

- Giving rural schools access to a range of resources by taking them to the school
- Enriching literacy and reading with resources and events

Financial Implications

6 SLS will be part of the new cultural offer that will have its own charges. During the next 6 months the content of the new offer, costs and staffing will be completed. However, SLS does require a high degree of buy back this financial year to allow the transition to be made to the new service.

Legal Implications

7 None, this is a local decision for the Schools Forum.

Risk Management

8 There is a financial risk if sufficient funding is not generated by buy back in 2011/12. By making savings within the service and offering a competitive price to schools then schools will be able to purchase SLS to support their needs and have funding for their own resources. SLS is also offering a discount book purchase scheme for schools that sign up.

A decision has to be made on the future of the schools mobile library vehicle in 2011. This has now come to the end of its lease and will either be purchased or re leased as there is no funding to purchase a new vehicle. Purchase of the existing vehicle will be the most cost effective option. Consultation with schools in 2009 demonstrated that was a highly valued part of the service and will be included in the new cultural offer. Sufficient income in 2011/12 will allow SLS to purchase the vehicle and achieve further financial savings in the future.

There is a risk that the new cultural offer could be weakened and less effective if a key element is lost. This would result in the continuation of a fragmented offer to schools that the consultation process has identified as a barrier to schools being able to make the most of the opportunities offered by Libraries, Heritage, Arts and Archives at a cost effective price. A risk assessment is being completed for the project.

Consultees

9 A number of schools were consulted as part of the development process for the new cultural offer. The feedback has been used to inform the framework of the new offer and the school consultation has resulted in the new joined up approach to a cultural offer that incorporates a number of services. Schools will be consulted in the summer term about the content of the new offer.

Appendices

10 None

Background Papers

- None identified

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	REVIEW OF SEN FUNDING
REPORT BY:	Head of Additional Needs

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To highlight the growth in the SEN budgets to the Schools Forum.

To present a series of options for the funding of SEN pupils in mainstream schools from which a number can be selected to be taken forward for full consultation with a view to continuing to meet pupil needs enabling schools to better manage their resources and reducing the pressure on DSG.

Recommendation

THAT Schools Forum:

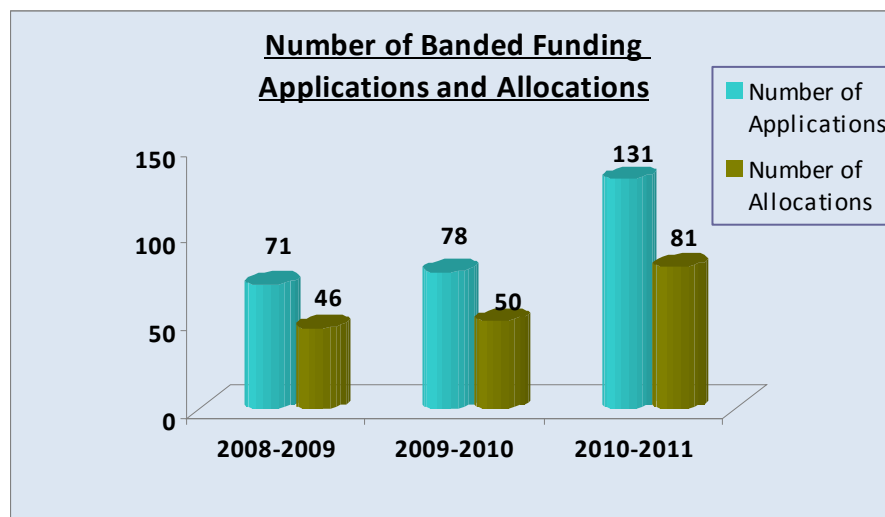
- (a) **selects one or more of the options presented for detailed and full consultation including option 1 for secondary schools and option 2 for primary schools.**
- (b) **notes the growth in the expenditure on special school places and considers whether further action is appropriate.**
- (c) **notes the action being taken to address the growth in the Complex Needs Solutions budget.**

Key Points Summary

- The cost of providing for pupils with SEN has risen from £4.3m in 2000/1 to £7.9m in 2010/11. This represents an 85% real terms increase (after inflation adjustments) in a 10 year period. In 2000/1, 3.4% of the overall education budget was SEN expenditure. In 2010/11, this has grown to 5.0%. There are a number of contributory factors to these increases.
- Any increases in the amount of funding for SEN is top-sliced from DSG. This means that the general formula allocations to schools are reduced accordingly to meet the rising SEN costs. If the option to maintain the current system is chosen (option 4), it is important that the Forum recognises the consequences of doing so.

Further information on the subject of this report is available from
Les Knight – Head of Additional Needs on (01432) 261724 (lknight1@herefordshire.gov.uk)

- The number of requests for Band 3 and Band 4 funding without statements has grown dramatically. There is no indication at the present time that the number of requests is likely to reduce. The numbers of Band 3 and 4 awards written into statements through the statutory assessment process has also increased significantly.



There has been a 67.9% increase in the number of applications in 2010-2011 over the same period in 2009-2010 whilst the number of allocations during this period has risen by 62%.

- Taken together, the increase in expenditure on banded funding (or the historical equivalent) has increased from £2.3m in 2000/1 to £3.4m in 2010/11. –(Adjusted for inflation)
- Unlike most other LAs that use a banding mechanism, Herefordshire offers the full amount of funding, i.e. it includes the Band 1 and 2 amounts in addition to the Band 3 or Band 4 amount. In other areas this is simply the top-up amount with the Band 1 and 2 amounts being already delegated. This increases the perverse incentive to apply for funding.
- The present system of distributing SEN funding to schools via the banded funding mechanism does not always command the confidence of a range of stakeholders.
- There has been a growth in the expenditure and number of places required for pupils attending special schools which again places additional pressure on DSG. The budget has increased from £1.5m in 2000 to £3.0m in 2011(adjusted for inflation).
- There has been a significant increase in the expenditure on the DSG contribution to the Complex Needs Solutions Panel rising from £500k in 2000/1 to nearly £1.5m in 2010/11 (Adjusted for inflation). This increase only represents 3/7th of the actual increase with the other contributions coming from other budgets.

Alternative Options (for delegating funding to mainstream schools)

1. Each of the following options could be selected for detailed modelling and full consultation. It is possible to separate primary school funding from secondary or to apply different models to different sizes of school.

Option 1 - Delegate all of the banded funding to schools via the same formula as is currently

used for Bands 1 and 2

Advantages:

- (i) Transparency – all schools can see what others are receiving from the start*
- (ii) Removes the bureaucracy of the application process and the need for a panel*
- (iii) Removes the need to use specialist services to verify levels of need*
- (iv) Limits the growth of the banded funding total to a pre-determined level*
- (v) Decision-making is as close to the pupil as possible which makes its use highly flexible if pupil needs change*
- (vi) Removes any perverse incentive to apply for funding*

Disadvantages:

- (i) There is a risk factor for small schools if pupils with higher levels of need arrive.*
- (ii) It is formula driven and so is a proxy measure of need rather than reflecting actual need*
- (iii) Removes the ‘external view’ to verify the level of resourcing for each pupil. The accuracy of the matching of need to resource depends upon the level of SEN knowledge within the school.*
- (iv) Budgetary pressures in a school might mean that delegated funding for SEN is diverted to cover general staffing or other pressures. Accountability for delegated SEN funding is more difficult than where it is attributed for use with individual pupils.*
- (v) Might result in greater pressure for statements*

Option 2 - Delegate all funding except a small top up amount for Band 4

Advantages:

- (i) Provides some limited protection for small schools in relation to the most complex pupils*
- (ii) Reasonably Transparent – all schools can see what the majority of others are receiving from the start and there would be a single banded funding boundary at a very high threshold for each type of need.*
- (ii) Removes much of the bureaucracy of the application process*
- (iii) Removes the need to use specialist services to verify levels of need because children of this level of need should already be well known to services*
- (iv) Considerably reduces the capacity for growth of banded funding total as most applications are for Band 3 at present*
- (v) Most decision Decision-making is as close to the pupil as possible which makes its use highly flexible if pupil needs change*

(vi) Reflects most closely the system that many other LAs use

Disadvantages:

(i) There is still a need for a panel but for fewer cases.

(ii) It is largely formula driven and so is a proxy measure of need rather than reflecting actual need

(iii) Removes the 'external view' to verify the level of resourcing for each pupil except for a very few pupils. The accuracy of the meeting need with the correct level of resource for most pupils depends upon the level of SEN knowledge within the school.

(iv) Budgetary pressures in a school might mean that delegated funding for SEN is diverted to cover general staffing or other pressures. Accountability for delegated SEN funding is more difficult than where it is attributed for use with individual pupils.

(v) Might result in more applications than previously for Band 4 once band 3 is removed. It may introduce a degree of perverse incentive.

Option 3 - Delegate all of the funding for Band 3 but leave the full amount for Band 4.

Advantages:

(i) Provides greater protection for small schools in relation to the most complex pupils

(ii) Reasonably Transparent – all schools can see what the majority of what others are receiving from the start and there would be a single banded funding boundary at a high threshold for each type of need.

(ii) Removes much of the bureaucracy of the application process

(iii) Removes the need to use specialist services to verify levels of need because children of this level of need should already be well known to services

(iv) Reduces much of the capacity for growth of banded funding total

(v) Most decision Decision-making is as close to the pupil as possible which makes its use highly flexible if pupil needs change

Disadvantages:

(i) There is still a need for a panel.

(ii) It is largely formula driven and so is a proxy measure of need rather than reflecting actual need

(iii) Removes the 'external view' to verify the level of resourcing for each pupil except for a very few pupils. The accuracy of the meeting need with the correct level of resource for most pupils depends upon the level of SEN knowledge within the school.

(iv) Budgetary pressures in a school might mean that delegated funding for SEN is diverted to cover general staffing or other pressures. Accountability for delegated SEN funding is more difficult than where it is attributed for use with individual pupils.

(v) Might result in more applications than previously for Band 4 once band 3 is removed. It

introduces a greater perverse incentive because it offers the full amount, not just a top-up

Option 4 - Leave the present system of Banded Funding in place.

Advantages:

- (i) There is a considerable support for small schools if they have pupils with higher levels of need.*
- (ii) It reflects actual need on an individual basis for moderate and complex needs*
- (iv) Budgetary pressures in a school have a lesser impact on Band 3 and 4 pupils.*
- (v) Pressure for statements has been reduced by the knowledge that there is a specified level of funding.*

Disadvantages:

- (i) Transparency – Schools cannot see how many applications other schools are making.*
- (ii) Requires the bureaucracy of the application process and the need for a panel*
- (iii) Requires the use of considerable and growing resource in the form of specialist services to confirm the school view of the level of need*
- (iv) Allows unlimited growth of banded funding total putting great pressure on the DSG budget*
- (v) Decision-making is at LA level where the pupil is not known*
- (vi) Provides a clear perverse incentive to apply for funding*

Option 5 - Leave the present system of Banded Funding in place but limit the number of allocations for each band or limit the total budget and change to a top up approach as highlighted used in most other authorities

Advantages and disadvantages as for 4. except:

Advantage over 4.- *It would be possible to cap the total amount each month or each year and hence budget for this accurately.*

Disadvantage compared to Option 4. – *It would create a waiting list situation with pupils having to wait until the start of the new month or year for funding to become available.*

Option 6 - Leave the present system of Banded Funding in place but reduce the value of allocations for each band

Advantages and disadvantages as for 4. except:

Advantage over Option 4.- *It would be possible to seek to predict the percentage increase in allocations using the trend information from the previous years and then to reduce the value of each allocation by the same percentage. This should ensure that the budget does not overspend (assuming the predictions of growth are accurate).*

Disadvantage compared to Option 4. – *The current value of the awards was based upon an*

amount of support linked to need, i.e. Band 4 gave full-time support due to the high level of need. If the value of the Band 4 allocation was reduced, it would not be possible to provide the same level of support unless there was also an additional contribution from the school.

Reasons for Recommendations

2 The reasons for recommending the options on page 1 of this report are:

- The continuing increase in the number and total cost of the banded funding allocations can only be sustained at the expense of the rest of the schools. The SEN proportion of the overall education budget is already out of step with other local areas. The evidence for this is given in Appendix A. In addition, the current system does not meet the principle of giving schools the greatest delegated resource possible to enable need to be met as early as possible. For these reasons, the status quo (option 4) is not considered a viable option.
- It is felt that secondary schools have sufficiently large budgets to be able absorb the costs associated with the variability in the number of pupils with moderately complex needs. The fully delegated option (Option 1) therefore has the advantages outweighing the disadvantages for the secondary schools.
- For the smaller primary schools, there is a risk that one or more pupils with high levels of need could put an unacceptable pressure on the budget. However, it is felt that it should only be those pupils with the highest level of need (Band 4) rather than the relatively high number now being identified at Band 3. It is also felt that this should only be the 'top-up' funding above the Level 3. Using this as the cut-off is much more in keeping with other local areas and for those LAs, there has not been the same level of budget pressure as in Herefordshire. Having fewer requests (i.e., only the Band 4) coming forward would limit the requirements for decision-making by the banded funding panel, as well as the need to send in evidenced requests by schools. For all of these reasons, it is recommended that Option 2 is taken forward.
- Head teachers of Herefordshire's special schools had previously expressed concern about the admission pattern of pupils to their schools and the ability of the funding system to respond to this. This was raised in a previous paper to Schools Forum (May 2010). Having looked at possible changes to the funding of special schools, the decision was taken to maintain the current system with some minor amendment of the timing of the allocation to schools. This change did not have any budget implication.
- There has been an increase in the number of children requiring special school places. The number of places has increased from 180 in 2005 to 220 in 2010 (a 22% increase in 6 years). It should be noted that the criteria for entry to our special schools have not changed over this period and that the overall background population has actually decreased. Some of this increase is thought to be related to better survival rates for premature or severely disabled children, along with increases in the incidence of foetal alcohol syndrome. National research has shown an increase in these types of complex need but not at a level to fully account for the growth in the Herefordshire special school population. This growth in pupil numbers is also providing a significant additional budget pressure. It is recommended that we monitor the special school population to determine the reasons for any increase in numbers. It is difficult to take action until the reasons are fully understood.
- The expenditure through the Complex Needs Solutions panel is predominantly made up of high cost out of county placements. Although the increase in the number of children and young people placed is small, the average annual cost of the placements is approximately £160k per year for the duration of the placement. In recognition of the urgency of addressing

the growth in the expenditure in this area, a specific project has been established by the Women, Children and Families Commissioning Board of the Herefordshire Public Services.

Introduction and Background

- 3 The information on Banded funding, delegation and Special School funding given in the Schools Forum Paper from May 2010 remains relevant. Appendix A of this paper gives the updated position.

Key Considerations

- 4 The information given in the May 2010 Schools Forum paper remains relevant. Any SEN funding system needs to meet the criteria that are described in Appendix C of the May 2010 paper (also attached as Appendix B of this paper). Any changes made to the SEN funding system need to be seen to be an improvement as measured against those criteria. Accountability remains a key issue in relation to funding for SEN. This is particularly the case in relation to funding delegated via a formula.

Community Impact

- 5 A number of geographical clusters are working together with funding delegated for Learning and Behaviour support. The development of an extended pooled system of resource sharing for SEN in a given area should be explored further in order to minimise the variability in the level of need in individual schools. The LA SEN and Equalities Adviser is exploring the possibilities for clusters of schools that would like to explore this option.

Financial Implications

- 6 The intention would be to provide a funding system that is cost-neutral, that would remove any perverse incentives, would increase flexibility for schools and groups of schools and would therefore contain costs unless there was clear evidence of changes in the pattern of need that would demand changes in funding.

Legal Implications

- 7 Any changes to the SEN funding system need to be within the current regulations relating to Local financial management.

Risk Management

- 8 There is a risk that any revision to the current system will have further unintended consequences that distort the system. This can be mitigated by ensuring that the monitoring systems are responsive to trends and that action can be taken to adjust the system.
- 9 There is an additional risk of 'turbulence' in the system caused by changes to the funding system. The level of risk will depend upon which of the options are selected. If, once the financial modelling of the selected options has been carried out, there is found to be a significant risk of turbulence, transitional arrangements can be put in place. Advice will be sought from the Schools Finance Manager at the appropriate stage.
- 10 The risk of not preparing options to review the system is that the system might be undermined by a lack of confidence in it and that the costs for SEN might continue to rise in a way that is

out of proportion to the budget available for all children. Given the growth in the numbers of children with banded funding on statements, this risk can partly be mitigated by improving the monitoring of the Annual Review of Statement in order to ensure that those in receipt of Band 3 and 4 funding continue to have that level of need.

Consultees

Inclusion Partnership Co-ordinators

Herefordshire Carers Group

Relevant LA Officers

A sample of Herefordshire's Headteachers

Appendices

Appendix A - A Summary of SEN Funding Trends 2011

Appendix B - Principles for AEN/SEN Funding (From Marsh; 2004)

Background Papers

- Resourcing Additional and Special Educational Needs in Wales (Marsh; 2004)
- The Management of SEN Expenditure (DfES; 2004)
- SEN Expenditure Trends Report by Managers of SEN and Finance (Herefordshire Schools Forum 10th October 2007)
- Proposal to review SEN/AEN funding (Herefordshire Schools Forum 17th May 2010)

Appendix A – Trends in SEN Expenditure

Schools Budget 2012/13

Similar sized budget cuts of £1m or more are likely in 2012/13 due to continued falling rolls and continued rising SEN costs.

Developing proposals to contain SEN expenditure will be very important in shaping the 2012/13 budget. The SEN expenditure trends reported to Schools Forum in October 2007 (which formed the basis for the delegation of Bands 1 & 2) has been updated and although this work needs to be finalised – it suggests the following after adjusting for inflation

Indicative draft SEN trends 2000-2010 (to be finalised)

2000/01 price base	2000/01	2006/07	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000
Primary SEN Banding (or equivalent)	1,232	1,583	1,713	1,715	1,790	1,927
Secondary SEN Banding (or equivalent)	998	1,220	1,276	1,221	1,459	1,492
SEN % share of Education Budget	3.4%	3.5%	3.7%	4.2%	4.7%	5.0%
Special School Budgets	1,541	2,422				3,012
Complex Needs DSG share only	509	983				1,473
Total SEN spend	4,280	6,208				7,904
Increase in spend above inflation		+45%				+85%
% change in primary pupil numbers since 2000		-10%				-14%
% change in secondary pupil numbers since 2000		+4%				-1%

To summarise since April 2006 and after adjusting for inflation an additional £1.7m (at 06/07 spend base) or £1.9m at (10/11 spend base) is being spent on SEN, an increase of +27% from a DSG budget that has reduced because of falling pupil numbers by -4.5% since 2006 (and -8.4% since 2000).

The Complex Needs budget (CNS Section 75 joint budget) will rise by £482k in 11/12 and a further £153k in 12/13 (DSG share only).

Since 2000 the increase in spend (above inflation) is 85% whilst primary numbers have reduced by -14% and high schools by -1%.

The impact of banded funding shows clearly in the growth since 2006.

More work still needs to be completed however the analysis provides useful background to the rising costs of SEN and increasing budget difficulties in schools. Rises in SEN expenditure have to be met from DSG and result in less funding to schools through the LMS formula.

This analysis will be essential in considering the budget challenges going forward.

2. Further analysis of SEN Expenditure on Banded Funding

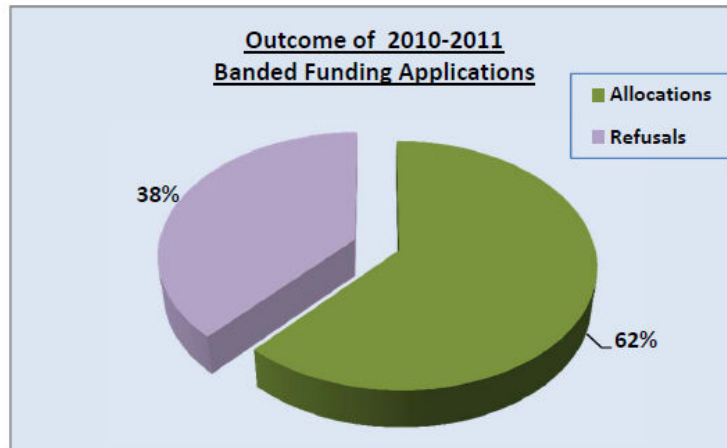
Key points:

- Banded Funding without Statements via Banded Funding Panel. Between 2006-10 there was evidence of an increase in the number of allocations via the Banded Funding Panel at Band Level 3 or 4.

	2006-07	2007-08	2008-09	2009-10	2010-11
Band 3	23	33	32	35	62
Band 4	9	12	14	15	19

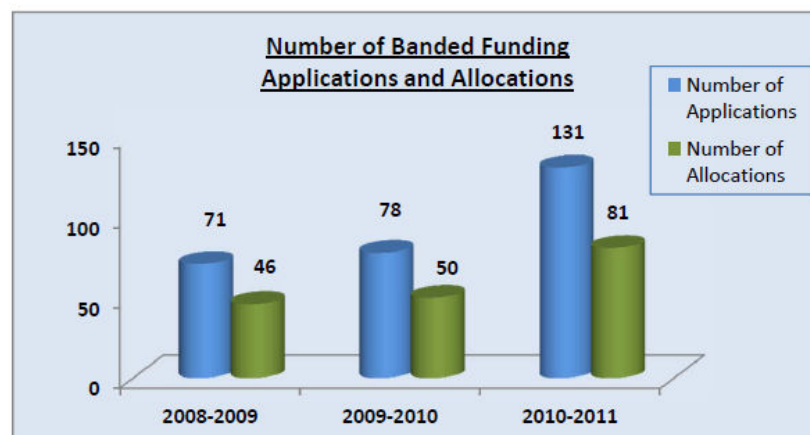
Banded Funding

Of the 131 applications for Level 3 or Level 4 Banded Funding from Herefordshire Schools, 81 allocations were made whilst 50 applications were refused.



Trends in applications and allocations

There has been a 67.9% increase in the number of applications in 2010-2011 over the same period in 2009-2010 whilst the number of allocations during this period has risen by 62%.



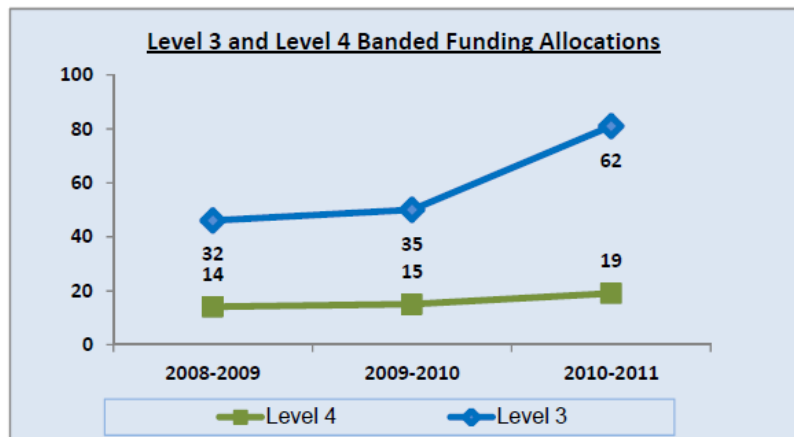
As a comparison the increase in the number of applications in 2009-2010 over the same period in 2008-2009 was 9.86%, whilst the percentage increase in allocations was just 8.7%

Whilst applications for Banded Funding increase, the percentage trend over the last three financial years shows a small decline in the percentage of allocations awarded and a increase in the number of applications for funding refused.

	Allocations		Refusals	
	Number	%	Number	%
2008-2009	46	64.8%	25	35.2%
2008-2010	50	64.1%	28	35.9%
2008-2011	81	61.8%	50	38.2%

Analysis of Allocations

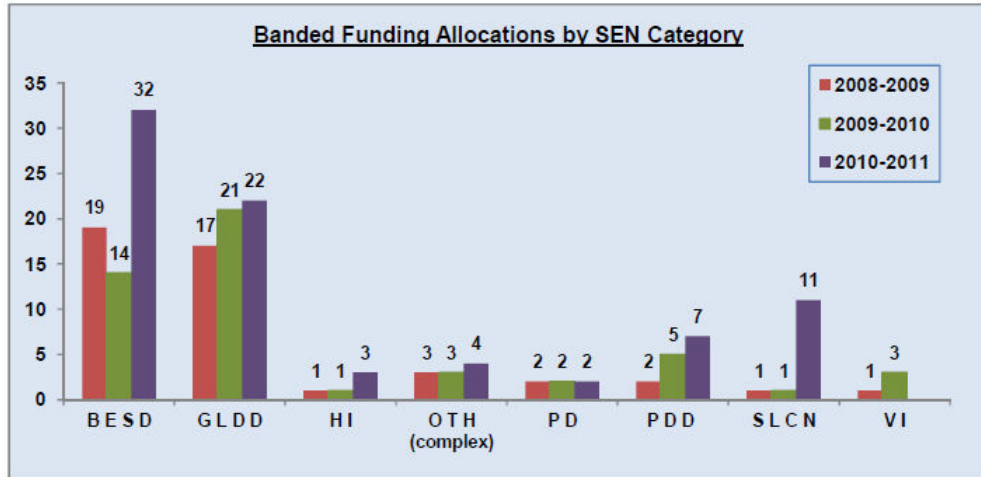
2010-2011 has seen a 77.1% increase in the number of Level 3 allocations made to schools compared to 26.6% for 2009-2010 . Level 4 allocations show a 26.6% increase in 2010-2011 and a 7.1% increase in 2009-2010.



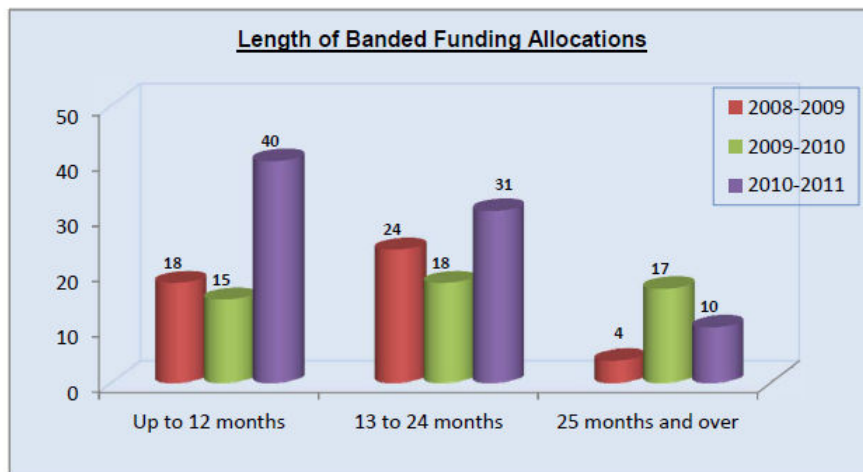
The majority, 86.4% of the Banded Funding Allocations were made to primary schools, with only 12.3% of the allocations made to Secondary Schools. Only one allocation was made to an Academy. The percentages for 2009-2010 financial year were similar at 88% and 12% with no allocations made to an Academy

	Allocations	%
Primary Schools	70	86.4%
Secondary Schools	10	12.3%
Academies	1	1.2%
Total	81	100%

The chart below shows the Level 3 and Level 4 Banded Funding Allocations over the last three financial years. Allocations for BESD have more than doubled in 2010-2011 over the same period last year. The other significant increase is in SLCN where allocations have jumped from 1 to 11 applications. Applications for GLDD continue to increase year on year along with those for PDD.



The next chart plots the length of the allocations awarded with comparisons over the last three years. Those allocations awarded for up to a 12 month period have increased significantly over the last financial year. The allocations in the 2010-2011 financial year for a period of 13 to 24 months have increased by 72% over the 2009-2010 financial year. The allocations for a period of 25 months and over fluctuate year on year.



- Banded Funding with Statements There has been a tripling of the number of Statements with Level 3 or 4 funding since 2005 with year on year increase; the greatest increase has been in the number of Level 4 allocations. Over a quarter of all Statements now have Level 3 or 4 funding. It needs to be noted that Herefordshire has a lower overall rate of statementing for the 0-19 population compared to nationally (1.42% compared to 1.85%).

Year	Level 3	Level 4	Total
2005	36	15	51
2006	47	27	74
2007	66	55	121
2008	61	60	121
2009	79	88	177

In 2010/11 there were an additional 51 Band 3 and 37 Band 4 levels of funding incorporated into statements.

- Statutory Assessment and Statement: Apart from 2007/08, there has been a year on year increase in requests for Statutory Assessment and an increase in the number of Statements issued.

Financial Year	Requests for Statutory Assessment	DECISION		OUTCOME	
		Assess	Don't Assess	Statements Issued	NiL issued
2006/07	51	38	13	34	4
2007/ 08	58	26	32	25	1
2008/09	90	53	37	44	7
2009/2010	102	65	29	43	1
2010/11	121	82	39	41	1

L Knight based on information supplied by M Green, J Riley and E Edwards

Appendix B - Principles for AEN/SEN Funding (From Marsh; 2004)

A range of principles or criteria may be used for the design and evaluation of a funding formula or scheme [Marsh, 2003a]. The principles and associated key questions need to be judged against the main policy objectives of the LEA and the intended purpose[s] of the funding. The principles have been drawn from three sources: Ross [1983], Levacic [1995]; Ross and Levacic [1999]. The key questions have been drawn from the 2001 DfES guidance to LEAs on the distribution of resources to support inclusion [DfES, 2001].

- a. **Simplicity.** Is the funding scheme easy to understand and does it have low administrative costs both at LEA and school level?
- b. **Equity.** Are the levels of resources for different SEN Funding Blocks judged to be fair? Is there fair and equal treatment for all schools and does the funding scheme promote inclusive practice? Should the same amount of money [unit value] be allocated to each pupil irrespective of the nature or degree of their need?
- c. **Effectiveness and Standards.** How well does the funding scheme meet the LEA's policy objectives? Are monitoring arrangements in place for pupil outcomes of pupils with SEN?
- d. **Responsiveness to Needs.** Is the funding scheme flexible enough to make provision for children with complex needs? Are children with additional educational needs supported and not just those who experience special educational needs? Are the requirements of statements met?
- e. **Efficiency/Value for Money.** Does the funding scheme adhere to the principles of whole school funding to ensure maximum effect? Is early identification supported with appropriate intervention strategies? Are perverse incentives avoided? Does the scheme in general offer value for money?
- f. **Cost Containment.** Are resources distributed to meet the additional and special educational needs of children in mainstream settings, irrespective of whether or not a statement is held?
- g. **Accountability.** Are the relative roles, duties and expectations of schools and LEAs clearly outlined? Are arrangements included to monitor the use of resources?
- h. **Transparency.** Is the funding scheme readily understood by schools, governing bodies and parents? Are schools aware of the amount received for pupils with additional and special educational needs and of the intended purpose of the funding? Has there been open dialogue between stakeholders and the LEA?
- i. **Stability of Funding.** Are there major shifts in funding between schools?
- j. **Willingness to Accept Change.** Has the funding scheme been developed in partnership with schools and other relevant stakeholders? Are schools willing to change? Has a clear plan for transitional arrangements been formulated?

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	UPDATE ON SERVICE LEVEL AGREEMENTS
REPORT BY:	Assistant Director: Planning, Performance & Development

Wards Affected

County-wide

Purpose

To provide an update to Schools Forum on service level agreements

Recommendation

THAT:

Schools Forum comment on any aspects of the developments that were put in place for 2011/12, including comments that can lead to improvements for 2012/13.

Key Points Summary

- Herefordshire has developed its approach to service level agreements (SLAs) over the past two years. The pace of development was accelerated for 2011/12. Services from the Council include services provided by the new Shared Services Partnership, as well as services contained within the People Services Directorate, Children Services. Schools were presented with a wider range of services that they could choose to purchase, and revised costs.
- The developments in national government policy, including the Academies Act 2010 have built upon the existing freedoms of schools to directly manage and purchase services that cover statutory responsibilities and enhance teaching and learning. The developing approach to SLAs in Herefordshire has placed the relationship with schools and the purchase of services in this context. Services are looking to increase quality, flexibility and reduce costs. These aims will be aided by schools entering into formal collaborative arrangements that enable costs to be reduced.
- The provision of services will change in response to the buying back by schools and other purchasers. There will also be the development of new services to meet changing demand and national and local priorities.
- The processes surrounding SLAs will be built upon and improved for 2012/13.

Further information on the subject of this report is available from
Chris Baird, Assistant Director, People Services (01432) 260 264

Alternative Options

- 1 None applicable.

Reasons for Recommendations

- 2 This meeting of schools forum in June provides a timely opportunity to influence the arrangements for 2012/13 and also review the position for 2011/12.

Introduction and Background

- 3 The development of SLAs in Herefordshire has gathered pace and been put on a much more professional footing. This was done to enable schools to have a greater understanding of the services which are available and to recognise the move to all schools acting as commissioners of services. The local authority has worked with schools to develop the approach in Herefordshire, and responded to school views throughout the process for 2011/12. This work is set to continue for 2012/13.

Key Considerations

- 4 Revised arrangements were put in place for 2011/12 and were broadly welcomed. These included:
 - Revised materials for schools to review service specifications, content and costs
 - A market place event to enable schools to ask questions of services, all in one place.
 - Visits to individual schools to discuss the range of services
 - Individual service responses to school and groups of schools queries
- 5 Schools were provided with information and a return form. The results of the buy back in terms of number of schools are indicated in Appendix A. This was the information received as at 19 May 2011 and at the time of writing 12 responses were still to be received. There is a variation in the buy back of services, and some services have been established to offer spot purchase arrangements rather than a commitment for a whole year.
- 6 Some schools wanted to explore joint purchase arrangements across a number of schools, discounts, and specified services. The local authority is at an early stage in developing this approach on a systematic basis. Local school formal collaborative arrangements can enable costs to be lowered by the local authority. For example, dealing with one point of delivery of a service for a number of schools would enable costs to be reduced, but dealing with the same number of contacts, meetings and delivery sessions for the individual schools across one group does not enable savings to be achieved. It is intended that the approach is developed for 2012/13 to enable savings to be achieved for groups of schools and schools can support this development by clearly identifying how work can be streamlined across groups of schools, though becoming better at specifying their requirements.
- 7 There are improvements that need to be made to the process. Schools were presented with information at a late stage in the process and this should be avoided in future. In part this was due to the changing picture at a national level in terms of funding and the responsibilities of local authorities. However, it also reflected the information received regarding insurance claims for 2010/11 and the subsequent need to revise costs and information for schools. In addition, late changes reflected the position of some services in terms of revising costs and

arrangements. This included the library service, once clarification was given on the position of funding and delegation. It would have been more helpful to the Council and to schools to have the information earlier and for this information not to change.

- 8 Some schools have suggested that the local authority should act as a broker for services, using the size of the local authority and its ability to represent a number of partners including schools to achieve value for money. This was discussed at the Schools Strategic Planning Group as part of an approach to the development of educational provision in Herefordshire using the Rising to the Challenge approach. This kind of approach could be used in relation to insurance, for example, and is something that will be investigated in the coming weeks for 2012/13 SLAs.

Community Impact

- 9 The services that schools purchase enable them to fulfil their statutory duties and enhance the teaching and learning experiences within their schools, benefiting local communities.

Financial Implications

- 10 Under the scheme of delegation schools have the ability to purchase a range of services, not all of them statutory. It is up to schools how they use their resources, within the requirements for balanced budgets and fulfilling legal and statutory responsibilities. The local authority has an underlying aim to provide highly valued, locally delivered, cost effective services that are competitive on the open market.
- 11 If sufficient schools do not buy back services, then the local authority would not be able to supply these services. Work is taking place to review the position of some services and arrangements will be put in place to ensure costs are covered whilst at the same time services are delivered to the schools that have bought them back, and the statutory functions of the local authority are fulfilled.

Legal Implications

- 12 Schools and the local authority must as a minimum ensure that statutory responsibilities are met. For schools this can be achieved either by purchasing services from the local authority or from other providers.

Risk Management

- 13 Services offered through service level agreements offer direct cover for risk also indirectly, for example legal services. In a number of areas schools must have appropriate services in place, whether they be provided by the local authority or not. Governors should assure themselves that they are appropriately covered in terms of risk.
- 14 The local authority is working to offer high quality and valued services to schools, so that services are viable to run across the range of schools requiring them. Judgements will have to be made whether some services continue, are reshaped, or prices alter for the future and the local authority wishes to involve schools in the shaping of this, ideally by having a working group of representative heads to develop services.

Consultees

- 15 Some schools have provided feedback on the work regarding SLAs for 2011/12 and these have been broadly reflected in this report.

Appendices

16 Appendix A indicates the level of buy back by type of school, by service as at 19 May 2011.

Background Papers

N/A

Summary of number of schools buying services for 2011/12

Appendix A

12 schools and settings still to return the SLA forms

Some of these services operate a spot purchase option, for example Professional Development, Targetted Youth Support

Service	Number of Schools Buying in Service
Academy Admissions	5
Additional Needs (including EAL)	73
Creditor Payments	76
Payroll	91
Schools' Finance Support - Core	34
Schools' Finance Support - Enhanced 1	22
Schools' Finance Support - Enhanced 2	30
Schools' Finance Bank Account & VAT	8
Human Resources - Management & Advice	88
Human Resources - Staffing & Appointments	91
Human Resources - CRB Service	42
ICT - Broadband Services*	90
ICT - SIMS Application Support*	87
SIMS FMS	21
SIMS Lesson Monitor & Dinner Money	5
ICT - Technical Support (weekly visits)	1
ICT - Technical Support (bi weekly visits)	5
ICT - Technical Support (3 weekly visits)	1
Curriculum ICT Hands on Support	41
ICT Curriculum VLE	20
Governor Development Services	38
Professional Development Services	42
Support for NQT - Core	9
Insurance Services - Health & Safety	75
Legal Services	58
Schools' Library Service	65
Educational Welfare	23
Extended Services	3
Targeting Mental Health	4
Targeting Youth Support	1
Triple P Parenting	3
Occupational Health	88
Buildings Maintenance	83
Facilities Management	75

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	FUNDING FOLLOWING THE STUDENT FROM PUPIL REFERRAL UNITS (PRUS)
REPORT BY:	Head of Additional Needs

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To agree on a mechanism to allow 'funding to follow the student' when transferring to a different school after being on the roll of a PRU.

Recommendations

THAT Schools Forum:

- a. confirms its endorsement of the principle that funding will follow a student to their new school if they are permanently excluded and are admitted to a different Herefordshire secondary school or the school is in receipt of a pupil through the managed moves programme. This would apply to all secondary schools including academies.
- b. supports the local authority collection of the funding from the pupil's former school in order to fund the PRU provision as agreed by the Schools Forum in March 2011 and, where the pupil is allocated a place on the roll of a different school, the transference by the LA of the same level of funding to the receiving school.

Key Points Summary

- Where it is appropriate, it is desirable that students who are permanently excluded or need to move to a PRU for other reasons are offered a second chance at a different secondary school. For some of these students, being offered this chance is the catalyst to making a positive change to their lives.
- This chance might be offered prior to the student moving to a PRU or after a period of attendance at a PRU, when it is judged that they are likely to have the might have the greatest chance of a successful re-integration into a different school.
- The principle proposed is that finance should follow the student so that appropriate support can be put in place in a timely manner, and the "receiving school is not disadvantaged.

Further information on the subject of this report is available from
Les Knight – Head of Additional Needs on (01432) 261724 (lknight1@herefordshire.gov.uk)

- Although the county's schools work in partnership and see this as part of their collective responsibility to the young people of Herefordshire, requests to take students are not necessarily evenly spread across all schools.
- The aim of the proposal is to reduce the financial burden to those schools receiving to offer pupils that second chance. Therefore, the funding collected from the pupil's former school to support the PRU provision would be 'passported' to a pupil's new school from the point at which they are placed on the roll of the new school until the end of Year 11.
- The proposal is that this applies to all secondary schools including academies.

Alternative Options

Should the recommendations on the first page of this report not be supported, the following options could be considered:

1. No additional financial support would be available for schools receiving students and schools continue to be expected to fund the necessary support from their existing delegated budget.
2. The former school is only required to fund the £3000 per annum for a limited period after the transfer to the new school, e.g. for 12 months or 24 months after the pupil transfers to the new school.
3. The same charging scheme could also be introduced for primary pupils subject to managed moves in order to prevent permanent exclusion.

Reasons for Recommendations

4. It is in the best interests of some students to be offered a fresh start at a new secondary school if they are permanently excluded or are transferred because they are close to the point of permanent exclusion.
5. For the schools receiving these students, the current arrangements create a financial burden for a period of time, in addition to the time taken to address the pastoral needs of vulnerable students.
6. Requests to support students in this way are not necessarily evenly spread across all schools due to the distribution of schools geographically and the distribution of vacant places within the school system. This means that some schools might be asked to accept more students than others. The transfer of the funding offers those schools the resource to support students who transfer to them in this way.

Introduction and Background

7. This paper forms a supplement to the papers on the funding of PRUs presented at the July 2010, January 2011 and March 2011 Schools Forum meetings and the background given in those papers remains relevant.
8. At the March 2011 meeting, a model to fund the statutory 25 hours of provision for PRU pupils was arrived at. This required that a charge of £3,000 per PRU place per year would be made to secondary schools, as from April 2011. This charge will be proportionate to the remainder of the financial year.
9. The charge also applies to intervention places on a pro-rata basis.
10. In April 2011, the Home and Hospital Teaching Team became the PRU for medical short stay

provision. The charges do not apply to PRU pupils entering the medical short stay provision as this is funded directly through DSG. .

11. A further recommendation of the same meeting was in support of the principle that 'funding should follow the student' where a pupil can be offered a fresh start at a new secondary school. This recommendation is re-stated in Recommendation (a). above.

Key Considerations

12. The number of permanent exclusions in Herefordshire is low compared to other local areas and was reduced from 23 pupils in 2006/7 to 17 pupils in 2007/8 and has remained at 18 pupils since then.
13. Herefordshire has a successful 'managed moves' programme with the Social Inclusion Officer working closely with Schools, PRUs and parents/carers. In this way, there have been no permanent exclusions of primary pupils over the past three years.
14. The LA is well placed to transfer funding to a pupil's new school as it will be collecting the same amounts for PRU placement.

Community Impact

15. Pupils who are able to successfully re-integrate into another local secondary school are more likely to maintain greater contact with their peers than if they transfer to a PRU.

Financial Implications

16. There would be a small impact on individual school budgets due to the transference of the funding as described.
17. There would be a reduced demand for places at PRUs (and therefore cost to DSG) if more pupils were able to reintegrate. PRUs are intended to be short stay schools. In practice, a significant proportion of pupils are currently re-integrated.

Legal Implications

18. None known

Risk Management

19. There is a risk that the responsibility for excluded pupils might change in legislation, guidance and regulation that follows the Education Bill and that local arrangements might need to change to reflect this.

Consultees

PRU Headteachers

BESD Strategy Group

Relevant LA Officers

Head teachers at HASH

Executive head for BESD and Head of Brookfield Special School and Specialist College

Appendices

None

Background Papers

Children & Young People's Directorate Leadership Team – RADAR - Permanent and Fixed Period Exclusions June 2010

School-based Intervention Project – Herefordshire 2009-11

Herefordshire Schools Forum Tuesday 23 February 2010 Agenda Reports Pack

Herefordshire Schools Forum Tuesday 9th July 2010 Agenda Reports Pack

Herefordshire Schools Forum Tuesday 31st January 2011 Agenda Reports Pack

Herefordshire Schools Forum 2nd March 2011 Agenda Reports Pack

Government White Paper 'The Importance of Teaching' (DfE;2010) Chapter 3



MEETING:	HEREFORDSHIRE SCHOOLS' FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	STATEMENT OF INTENT HEALTH & SAFETY AUDIT OF SCHOOLS
REPORT BY:	Resilience Team Manager (Erica Hermon)

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To advise the Herefordshire Schools' Forum of the Herefordshire Council Resilience Team's intent to conduct schools' Health & Safety audits and inspections with effect from 1 Sep 2011.

Recommendations

THAT: Members of the Herefordshire Schools' Forum are invited to note that:

- (a) **Teacher Trade Union Safety Representatives continue to provide schools' Health & Safety audit services on behalf of Herefordshire Council, as per current arrangements, until 1 September 2011;**
- (b) **Herefordshire Council (Resilience Team) will conduct schools' audits and inspections with effect from 1 Sep 2011;**
- (c) **Coordinated by Herefordshire Council, joint Health & Safety audits/inspections of schools by Herefordshire Council and Trade Union Safety Representatives will be encouraged;**
- (d) **Post Sep 2011, Teacher Trade Union Safety Representatives will continue with their statutory responsibilities but only in the sites where they have membership and are employed.**

Key Points Summary

- The Local Authority is responsible for conducting annual Health & Safety audits of schools; the Health & Safety Executive's (HSE's) guidance (HSG65 Successful Health & Safety Management) sets out the best practice approach.
- That said, staff limitations within Herefordshire Council have led to Trade Union Representatives being tasked with conducting these audits, which take considerable time to undertake and process.

Further information on the subject of this report is available from
Erica Hermon, Resilience Team Manager on (01432) 261906

- Although the Council's Health & Safety Officer researches and/or gives subsequent advice, the current process raises the concern that non-liability audits/advice are being provided to schools by Trade Union Safety Representative.

Alternative Options

- 1 There are no Alternative Options.

Reasons for Recommendations

- 2 Under the Health & Safety at Work Act 1974 and The Management of Health & Safety at Work Regulations 1999, the Local Authority is responsible for conducting suitable and sufficient Health & Safety audits of schools. The best practice approach requires Herefordshire Council to prove that systems achieve parity or exceed the guidance in HSG65 Successful Health & Safety Management.

Introduction and Background

- 3 Staff limitations within Herefordshire Council have led to Teacher Trade Union Representatives being tasked with conducting schools' Health & Safety audits on behalf of the Local Authority. Consequently, Teacher Trade Union Safety Representatives have been employed as 'casual' and paid through the XL supply teacher casual system.
4. The statutory responsibilities and functions of Trade Union-nominated Safety Representatives' are detailed in Health & Safety at Work Act 1974 (Section 2(4)) and Safety Representatives and Safety Committees Regulations 1977 (Regulation 4(1)). Each recognised Teacher Trade Union can appoint a Safety Representative from amongst its employee members, under Safety Representatives and Safety Committees Regulations 1977, Regulation 3. Under Regulation 3(3), a person shall cease to be a Safety Representative if he/she ceases to be an employee. A Safety Representative needs to be employed at one of our workplaces/Schools, and should have 2 years experience minimum at their workplace for their present employer, or other schools.
5. In summary, Trade Union Safety Representatives have a statutory right to carry out the following duties on a quarterly basis:
 - a. Health & Safety training;
 - b. Investigating Health & Safety complaints from their member employees;
 - c. Negotiating with employers on aspects of Health & Safety;
 - d. Carrying out workplace inspections, covering the workplace, areas of where accidents have occurred and a site inspection.
 - e. Reviewing employer's Health & Safety documents and manuals;
 - f. Meeting with Health & Safety inspectors and environmental health officers;
 - g. Attending safety committee meetings – Corporate Health & Safety Committee or Schools Health & Safety Group for specific agenda items.
 - h. Consulting with their members on aspects relating to Health & Safety.

6. Where employers recognise multiple unions, each unions' Safety Representative has the right to paid time off¹ for the purpose of carrying out the functions detailed in Para 5 (above), on behalf of their union and the members they represent. Under Safety Representatives and Safety Committees Regulations 1977 (Regulation 5), each Safety Representative has a right to inspect the workplace every 3 months in order to investigate potential hazards, dangerous occurrences, safety concerns raised by members and to obtain Health & Safety information from the school where that trade union has membership. The TUC guidance to Safety Representatives gives an expectation that a programme of workplace inspections is drawn up in consultation with employers and that joint inspections with other union Safety Representatives should be the norm.

Key Considerations

- 7 Although the Council's Health & Safety Officer researches and/or gives subsequent advice, the current process raises the concern that non-liability audits/advice are being provided to schools by Teacher Trade Union Safety Representatives. Safety Representatives and Safety Committees Regulations 1977, Regulation 4 states that Safety Representatives cannot be held liable for their advice. Further, as relayed at the Schools' Forum on 1 Mar 2011, Head Teachers have expressed concern and requested a protocol that allows them to refuse a Teacher Trade Union Safety Representative on their site, should they consider Trade Union involvement inappropriate.

Community Impact

8. Greater significance is being placed on promoting proactively a cultural change for Health & Safety within the organisation, and ensuring that the appropriate policies and guidance hierarchies are available to managers and employees. To that end, the following improvements are proposed for schools' accident reporting and audits:
 - a. Audit Process. The cost and suitability of an 'off the shelf' automated accident reporting tool is being scoped and would be funded by Herefordshire Council. The tool would allow Head Teachers to submit Accident Forms on line which, in turn, would trigger the requisite response from the Herefordshire Council Health & Safety Officer. This tool would also provide dash board data, affording greater visibility of common trends, performance (including Health & Safety awareness) and 'near miss' reporting. Appropriate action can then be prioritised.
 - b. Schools Self Assessment. Herefordshire Council are intending to develop a Self Assessment Audit Template for completion by Schools on an annual basis and to a deadline; reflecting Government thinking on a 'lighter touch' for lower risk premises. This will allow Schools to score themselves, encouraging honest review of their Health & Safety measures/culture. The Council's audit would then be conducted, using the School's own self assessment as the basis, to ensure that the Schools are scoring themselves appropriately. Scores can be used to provide performance indicators, encouraging competition and embedding further a Health & Safety culture.

Financial Implications

- 9 Recruitment to 2 Health & Safety posts has been approved and can be resourced from within the existing Health & Safety budget.

¹ Under Reference C (Regulation 4(2)), Safety Representatives are entitled to paid time off to undertake duties in accordance with Regulation 4(1).

Legal Implications

10. Health & Safety at Work Act 1974; the Management of Health & Safety at Work Regulations 1999; HSG65 Successful H&S Management; and, Safety Representatives and Safety Committees Regulations 1977.

Risk Management

11. Continued lack of engagement by Herefordshire Council could result in a serious Corporate Risk via Improvement Notice or other enforcement action from HSE. The current process raises the concern that non-liability audits/advice are being provided to Schools by Trade Union Safety Representative.
12. In order to allow effective delivery of the work programmes and enhancements to Health and Safety provision, recruitment of appropriately qualified² staff is now taking place to resource the Resilience Team (in which Health & Safety now resides) appropriately.
13. The Resilience Team Manager has developed specific objectives for Health & Safety staff to cover supporting activities; these also form the basis for Performance Appraisal and Development. Progress on Resilience Team activities against priorities will be reported at least 6 monthly to the Assistant Director, or more frequently if required.

Consultees

14. Schools' Forum Health & Safety Discussion dated 1 Apr 2011.

Appendices

15. None.

² Current Health and Safety National Diploma or equivalent; knowledge of statutory framework underpinning Health and Safety; and, able to demonstrate continued personal development and training in Health and Safety, such as membership of IOSH.

MEETING:	HEREFORDSHIRE SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	WORK PROGRAMME
REPORT BY:	DEMOCRATIC SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the Forum's work programme.

Recommendation

THAT: the Work Programme be noted, subject to any comments the Forum wishes to make.

Herefordshire Schools Forum – Work Programme 2010/11

23 September 2011 1.30 pm Brockington
<ul style="list-style-type: none"> • AEN/SEN Funding Review (approval of consultation paper) • Dedicated Schools Grant (Budget and outturn) • School Funding Review - update • Education Act 2011 • Pupil Referral Unit Funding • Workplan 2011/12 • Dates of Meetings

Further information on the subject of this report is available from
Pete Martens or Tim Brown, Democratic Services on (01432) 260248

25 November 2011 1.30 pm Brockington **(TO BE MOVED TO FIRST WEEK IN DECEMBER)**

- Outcome of AEN/SEN Funding Review Consultation
- National School Funding Review - Update
- Report of Budget Working Group
- School Funding 12/13 – Draft Budgets
- Report of Procurement Sub-Group
- Workplan 2011/12
- Dates of Meetings

20 January 2012 9.30 am Brockington

- National School Funding Review – update
- Report of Budget Working Group
- Workplan 2011/12
- Dates of Meetings

24 February 2012 9.30 am Brockington

- Report of Budget Working Group
- School Funding 2012/13 – Final Budgets
- Schools Capital Investment Programme
- National School Funding Review - update
- Workplan 2011/12
- Dates of Meetings

23 March 2012 1.30 pm Brockington

- National School Funding Review - Update
- Workplan 2011/12
- Dates of Meetings

Background Papers

- None identified.