

AGENDA

Herefordshire Schools Forum

Date: **Friday 23 September 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.

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Agenda for the Meeting of the Herefordshire Schools Forum

Membership

Chairman	Ms T Kneale	
Vice-Chairman	Mr NPJ Griffiths	
	Mrs JS Powell	Primary School Headteacher(Community)
	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)
	Mr A Teale	Voluntary Aided Primary School
	Mrs J Cecil	Primary Schools Headteacher (Voluntary Controlled)
	Mr P Box	Primary Schools
	Mr S Matthews	Primary Headteachers Small Schools
	Mrs J Baker	Secondary School Governor
	Mrs K Rooke	Special Schools 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. NAMED SUBSTITUTES (IF ANY)	
To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
3. DECLARATIONS OF INTEREST	
To receive any declarations of interest by Members in respect of items on the Agenda.	
4. CHAIRMAN'S ANNOUNCEMENTS	
To receive any announcements from the Chairman.	
5. MINUTES	1 - 8
To approve and sign the minutes of the meeting held on 10 June 2011.	
6. PROPOSALS FOR A FINANCIAL DIFFICULTY RESERVE	9 - 12
To consider the provision of a financial difficulty reserve for schools.	
7. DEDICATED SCHOOLS GRANT	13 - 24
To note the final Dedicated Schools Grant (DSG) for 2011/12 and consider related matters.	
8. DEDICATED SCHOOLS GRANT 2012/13 - BUDGET CONSULTATION	25 - 52
To consider a budget consultation paper which explains the budget options for the 2012/13 Dedicated Schools Grant and to seek the views of schools prior to developing initial budget proposals for School Forum's consideration in December 2011.	
9. SCHOOL FUNDING REFORM	53 - 92
To note consultation and comment upon the proposals.	
10. DRAFT GUIDING PRINCIPLES FOR THE HEREFORDSHIRE LEARNING COMMUNITY	93 - 98
To note and comment upon the proposals.	
11. WORK PROGRAMME	99 - 100
To consider the Forum's work programme for the rest of 2011/2012	
12. LATE ITEMS/ANY OTHER BUSINESS	
To consider any issues raised as either a late item or any other business.	
13. DATE OF NEXT MEETING	
8th December 2011 at 9:30 am	

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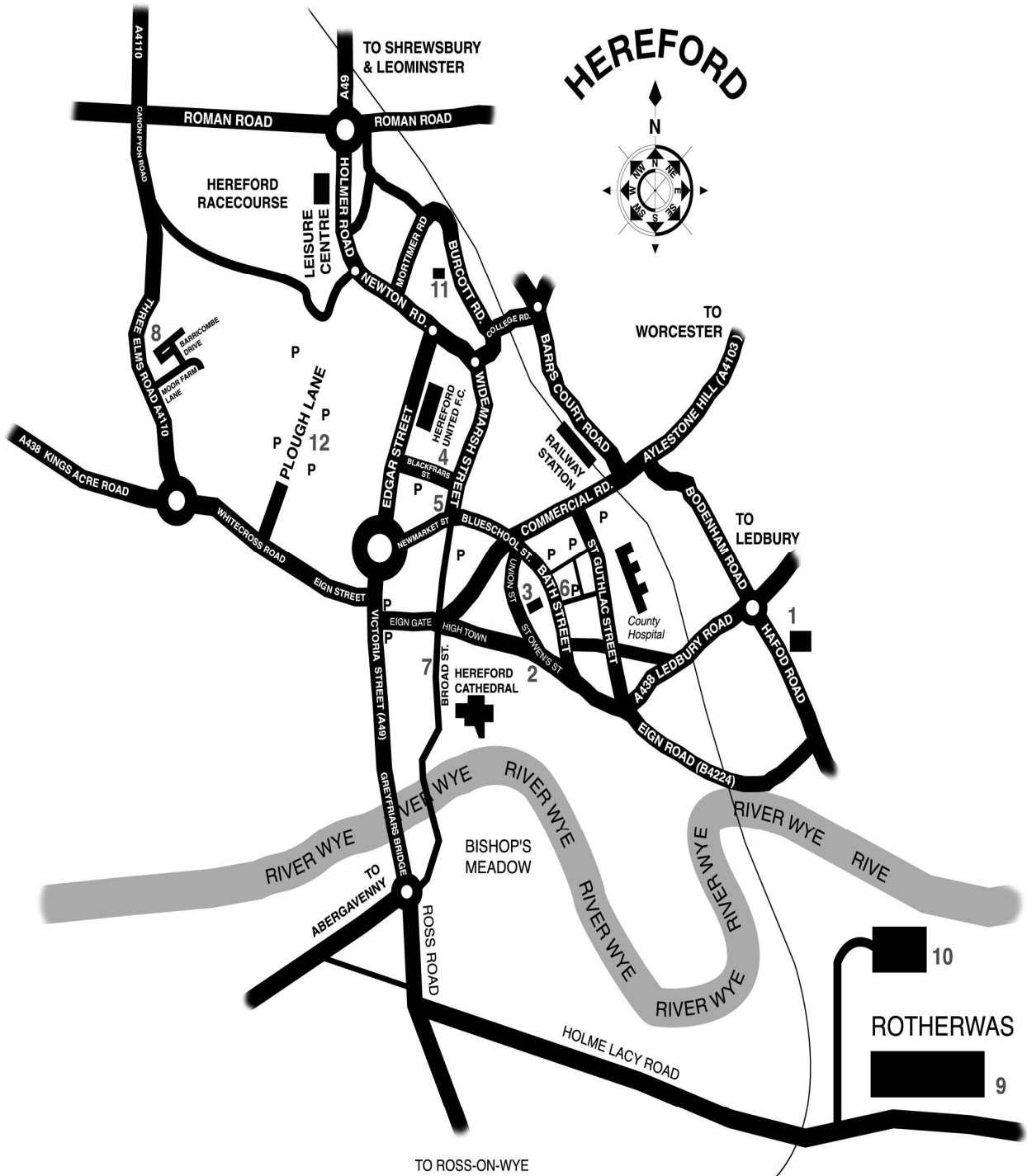
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HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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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 Friday 10 June 2011 at 9.30 am

Present: Ms T Kneale (Chairman)
Mr NPJ Griffiths (Vice Chairman)

Mrs JS Powell, Mr P Burbidge, Mrs S Catlow-Hawkins, Mr N O'Neil, Mr S Woodrow, Mr S Pugh, Mrs J Cecil, Mr P Box, Mr S Matthews, Mrs J Baker, Mr TE Edwards, Mrs S Bailey, Mr J Docherty, Ms A Pritchard, Mr M Harrison, Mr J Godfrey, Mr A Shaw, Mrs A Jackson, Mrs R Lloyd, Mr P Barns, Dr M Goodman, Mr J Sheppard, Mrs K Rooke and Mr A Teale.

In attendance: Councillor PD Price (Cabinet Member – Corporate and Education)

1. NAMED SUBSTITUTES

(Mr N Griffiths Vice-Chairman in the Chair)

There were none.

It was noted that Revd D Hyett had retired and been replaced on the Forum by Mr A Teale.

2. APOLOGIES FOR ABSENCE

Apologies were received from Mr J Chapman.

3. ELECTION OF CHAIRMAN

RESOLVED: That Ms T Kneale be elected Chairman of the Forum for the ensuing year.

(Ms T Kneale in the chair)

4. ELECTION OF VICE-CHAIRMAN

RESOLVED: That Mr N Griffiths be elected Vice-Chairman of the Forum for the ensuing year.

5. ELECTION OF CHAIRMAN OF BUDGET WORKING GROUP

RESOLVED: That Mrs J Powell be elected Chairman of the Budget Working Group for the ensuing year.

6. DECLARATIONS OF INTEREST

There were none.

7. CHAIRMAN'S ANNOUNCEMENTS

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There were none.

8. MINUTES

RESOLVED: That the Minutes of the meeting held on 2 March 2011 be confirmed as a correct record and signed by the Chairman.

9. HEREFORDSHIRE SCHOOLS FORUM MEMBERSHIP

The Forum considered amendments to the Forum's Membership.

The Forum had deferred consideration of this issue in March deciding that consideration of the options for changes to the membership should be referred to the Primary Schools Forum, Association of Secondary Head Teachers and the Herefordshire Association of School Governors for consideration.

The Primary Schools Forum considered that it was not practical to make a decision at this stage. No view had been expressed by the Herefordshire Association of School Governors. The view of the Association of Herefordshire Secondary Head Teachers (HASH) was reported at the meeting. HASH considered that it was important to retain continuity of membership in the current circumstances and the effect of this was to increase the number of Academy representatives within its representation so achieving proportional representation of secondary school membership. The Forum agreed that the Cabinet Member (Education and Corporate) who was responsible for determining the membership should be advised accordingly.

RESOLVED:

That the Cabinet Member (Corporate and Education) be advised:

- (a) that Herefordshire Association of Secondary Headteachers wished to retain continuity in its representation on the Forum, the effect of which would be to increase the number of Academy representatives within its representation from one to two so reflecting proportional representation of academies at secondary schools on the Forum; and**
- (b) that it be noted that a view from the Primary Schools Forum was still awaited.**

10. REPORT OF BUDGET WORKING GROUP - 6 MAY 2011

The Forum considered the initial discussions of the Budget Working Group on 6 May 2011 relating to the Dedicated Schools Grant budget for 2012/13.

The Chairman of the Budget Working Group commented on the principal matters the Group had so far discussed, as set out in the key points summary in the report. The Group's intention was to produce financial models showing the potential impact on school budgets depending on what choices were made. A draft consultation document would be prepared for consideration by the Forum in September setting out options.

The Schools Finance Manager highlighted the Group's discussion about reviewing the way in which grants that had been mainstreamed into the Dedicated Schools Grant were allocated. These issues would also be reflected in the draft consultation document.

In discussion the following principal points were made:

- It was noted that any changes to Teachers' pension arrangements would represent a budget pressure that schools would have to absorb. Balances were held for this purpose.
- The Budget Working Group had not yet given consideration to balances held by schools but could do so.
- The report stated that charitable rates relief savings were potentially available to foundation and academy schools. The Budget Working Group had asked for a foundation schools conversion programme to be taken forward.

The Director of People's Services commented that there was some merit in exploring the potential savings from charitable rates relief. However, it was essential to recognise that any decision to convert to foundation status rested with individual schools. In considering such a decision schools needed to take account of a range of other issues and in particular what would secure the best education for pupils. Furthermore this was only one aspect of the financial model and consideration needed be given to all the various options for achieving budget savings.

- Members of the Forum expressed a wish for the Director to give a presentation to the Forum on a vision and strategy for education in the County to provide a framework within which schools could operate.

The Director commented that there needed to be a shared vision recognising the autonomy of schools. She offered to produce a discussion paper on the guiding principles underpinning education and learning in the County, noting also that the Forum had to include Early Years education and learning as well as schools.

Members requested that the discussion paper should not be pitched at such a high level that it became bland and platitudinous. There were a number of difficult decisions to be faced and the discussion paper should reflect this and prompt meaningful discussion and debate. How funding decisions would support that vision would also be relevant.

RESOLVED:

- That**
- (a) the initial considerations of the Budget Working Party for the 2012/13 Dedicated Schools Grant be noted;**
 - (b) it be noted that the draft consultation paper on budget options would be submitted to the Forum for consideration in September; and**
 - (c) a paper be submitted to the Forum in September by the Director for People's Services on the guiding principles underpinning the Council's vision for education and learning in the County.**

11. CONSULTATION ON SCHOOL FUNDING REFORM

The Forum considered a presentation on the national consultation papers on school funding reform and academies pre-16 funding.

The Schools Finance Manager (SFM) reported that the Directorate had responded to the consultation papers and the responses would be shortly available on Schools online.

He gave a presentation on School Funding Reform providing an update from a conference held in Birmingham on 13 May 2011.

Key points from the conference were:

- Pupils with similar characteristics do not receive the same support.
- The consensus in local authorities was that the reasons for change included that the current national system failed to reflect need, was not the product of a rational decision making process, was based on historical decisions, or decisions not to take decisions and was stretched to breaking point by academy funding arrangements that were complicated and unsustainable.
- The aim should be to devise a simple funding formula.
- There were a number of big issues to consider in the national funding formula: funding of small schools, SEN funding, Special School funding, the national definition of delegation versus retained services, managing turbulence and post 16 funding arrangements.
- Reform would be challenging with relative winners and losers.
- There were a range of issues related to the funding of academies.
- Transition arrangements and the timing of the implementation of changes.

Members noted that the transitional arrangements would mean that it would be some 3-4 years before the full impact of the changes on school budgets became clear.

The SFM commented that it was likely that the settlement from the Department for Education would, as in 2010/11, be announced late in the year. The preparation of the budget would therefore again have to be completed within a tight and compressed timescale.

RESOLVED: That both consultation papers and the possible future implications for schools in Herefordshire be noted.

12. SCHOOL STRATEGIC GROUP UPDATE

The Forum considered progress being made by the Schools Strategic Group.

The importance of ensuring that there was feedback from the Group was noted.

RESOLVED: That progress made by the School Strategic Group be noted.

13. SCHOOLS' CAPITAL INVESTMENT PROGRAMME

The Forum considered a report on capital funding arrangements for 2011/12 and a summary of the James Review of capital expenditure in schools.

The Head of Access and Capital Commissioning (HACC) presented the report. The capital allocations for the County showed an 80% decrease in schools' devolved formula capital allocations. Although, in part, this was 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 was about £1.4 million below the 2010/11 allocation. This funding was for local authority maintained schools. Capital funding for Academies was

provided separately. He noted that the capital allocations for 2012/13 were not yet known and this complicated planning expenditure.

He highlighted the recommendations of the James Review commissioned by the Department of Education (DfE) to ensure that future capital investment would provide good value for money and support the Government's ambitions. The recommendations were expected largely to be adopted by the Government. He considered that the Council was well placed to respond to the recommendations through its established Capital Expenditure Group. Academy representation was to be added to that Group.

The funding of ICT equipment was discussed. The HACC explained that the demise of the Harnessing Technology Grant had placed some schools in difficulties. Whilst in general Schools should meet ICT expenditure from devolved capital funding they were able to bid for funding for ICT from the authority. Priority was being given to ICT schemes that would have been funded from that Grant. He confirmed that there was liaison with ICT colleagues who could keep the schools ICT liaison group informed.

It was requested that a summary of the allocation of funding for capital investment in schools in 2010/11 be circulated to all schools.

RESOLVED:

**That (a) the position on the Schools Capital Investment Programme be noted;
and**

(b) that a summary of the Authority's allocation of funding for capital investment in schools in 2010/11 be circulated to all Schools.

14. SCHOOLS LIBRARY SERVICE OFFER 2011/2012

The Forum considered the proposed revision of the scheme of delegation for the funding of the Schools Library Service for 2011/12 together with information on the new cultural offer to schools.

The Principal Officer Outreach and Access presented the report.

Since 2000, funding delegated to schools for the Schools Library Service had been ringfenced. A new service arrangement was to be put in place for 2012/13. However, it was proposed that the ringfencing be removed with immediate effect and schools be authorised now to use money delegated to them for expenditure on the library service in 2011/12 in line with the general scheme of delegation.

RESOLVED: That the scheme of delegation for the Schools Library Service be revised so that the funding arrangement is in line with that for other services for 2011/12 onwards.

15. REVIEW OF SEN FUNDING

The Forum considered a series of options for the funding of SEN pupils in mainstream schools.

The Head of Additional Needs outlined the key issues to which consideration needed to be given.

Recognising the complexity of the issue it was proposed that a Working Group be formed to consider the options and report back to the Forum in September with a draft consultation paper.

RESOLVED:

- That (a) a Working Group be formed to consider options for the funding of SEN pupils in mainstream schools reporting back to the Forum in September 2011; and
- (b) the following be nominated to serve on the Working Group: Mrs S Bailey, Ms T Kneale, Mr N O'Neil, Mr S Pugh, Mr A Shaw, and Mrs S Catlow-Hawkins, with SENCO representation also to be sought and any other interested person it is considered should be invited.

16. UPDATE ON SERVICE LEVEL AGREEMENTS

The Forum considered an update on Service Level Agreements.

The Assistant Director – Planning, Performance and Development presented the report noting the aim was to build upon work done to date and improve processes for the 2012/13 Agreements.

In discussion the following principal points were made:

- In response to a question about the charge for the Education Welfare Service the Assistant Director confirmed that work to improve understanding of costs and achievement of full cost recovery was continuing. The extent to which income from some services was used to support other services also needed to be considered.
- The market place event had been helpful, providing information about services in a transparent way that had assisted schools in making choices about service provision.
- The appendix to the report showed a very low uptake of a small number of services, for example ICT technical support. It was asked what impact this would have on those services. The Assistant Director commented that the viability of ICT as a whole service was not in question. However, where services proved not to be viable they could no longer be delivered. He observed that the late notification to schools of their budgets and the short length of the SLAs were complicating service planning.
- Asked about the availability of benchmarking information on the buy back of services the Assistant Director said that more work on benchmarking remained to be done. He observed that a competitive market was in operation and some information was commercially sensitive. The Director for People's Services added that discussions were taking place with neighbouring authorities about service delivery with the possibility of one area offering some services to the others and vice versa.

RESOLVED: That the development of Service Level Agreements to date, purchasing levels and plans for future development be noted.

17. FUNDING FOLLOWING THE STUDENT FROM PUPIL REFERRAL UNITS (PRUS)

The Forum considered a mechanism to allow 'funding to follow the student' when transferring to a different school after being on the roll of a PRU

The Head of Additional Needs presented the report which had been produced in response to the Forum's request in March.

The Forum considered it important that funding should be transferred for one school to another as soon as was practicable.

Concern was expressed about the financial implications of in-year moves of other pupils. It was noted that the Authority could not refuse a request for a pupil to transfer from one school to another where a place at the preferred school was available. A report could, however, be made to the Forum on the operation of the in year fair access placement panel and the funding implications for schools.

RESOLVED:

- That
- (a) the Forum's 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 be confirmed, noting this would apply to all secondary schools including academies, such funding to be passported as soon as was reasonably practicable;**
 - (b) 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 be supported 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; and**
 - (c) that a report be made to a future meeting on the operation of the in year fair access placement panel and the funding implications for schools of in-year transfers.**

18. STATEMENT OF INTENT - HEALTH & SAFETY AUDIT OF SCHOOLS

The Forum was informed of the Council Resilience Team's intent to conduct schools' Health & Safety audits and inspections with effect from 1 Sep 2011.

The Resilience Team Manager presented the report. Further to previous reports to the Forum, most recently in March 2011, she emphasised the Authority's intention to resume responsibility for health and safety audits and outlined the implications of this for the role of Trade Union Representatives. An inspection programme was being developed and would be circulated to schools for consultation.

She confirmed that the Council would fund its health safety responsibilities. Funding for Trade Union Representatives would be under the Trade Union Facilities Agreement.

It was noted that the Trade Unions were satisfied with the proposals with the exception of the provision in recommendation (d), as printed, that Trade Union Safety Representatives would only continue with their statutory responsibilities on sites where they were employed. The Director for People's Services commented that this provision needed to be retained but the precise wording would need to be discussed further at the Joint Consultative Committee.

RESOLVED:

That it be noted that:

- (a) Teacher Trade Union Safety Representatives would 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) the Council and Unions were to clarify and finalise the wording of the following principle: that 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.

19. WORK PROGRAMME

The Forum considered its Work Programme.

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

- Review of in Year Access Panel and Funding implications For Schools
- Budget Consultation Paper
- Guiding principles underpinning the Council's vision for education and learning in the County.

20. LATE ITEMS/ANY OTHER BUSINESS

The Chairman paid tribute to the Forum's outgoing Chairman, Julie Powell, for her sterling work in steering the Forum through challenging times.

The Chairman also thanked Kathy Roberts, Assistant Director – Improvement and Inclusion, who was taking on a new role, for her support to the Forum

21. FORTHCOMING MEETINGS

The Forum noted that the next meeting was scheduled to be held at 1.30 pm on Friday 23 September.

The meeting ended at 11.55 am

CHAIRMAN

MEETING:	SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	PROPOSALS FOR A FINANCIAL DIFFICULTY RESERVE
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide – All Schools

Purpose

To approve a financial difficulty reserve that facilitates the allocation of funding to schools in serious financial difficulty.

Recommendation

- THAT** School Forum is asked to approve the following principles regarding use of the Financial Difficulty Reserve:
- The school must be responsible for half the deficit on a long term repayment basis
 - The deficit must be in excess of £500k for a high school and £200k for a primary school
 - Schools must suffer a loss of a minimum of 50% of pupils
 - Funding will only be released after consideration by Schools Forum on a case by case basis in accordance with these principles. And in light of the local authority's view on the strategic commissioning of school places.

Key Points Summary

- The report sets out a policy for dealing with schools in serious financial difficulty and sets up a Financial Difficulty Reserve for funds to be drawn down from on an individual school by schools basis as each particular case is approved by Schools Forum.

Alternative Options

- 1 There are no alternative options for consideration.

Reasons for Recommendations

- 2 A number of schools and groups of schools can experience financial difficulty. Herefordshire, like other local authorities, has processes and working arrangements in place to assist schools in managing change and financial difficulties. It is the expected position that schools will manage to a balanced budget and that any short term difficulties are managed by schools. Herefordshire also has a longstanding policy of encouraging schools to explore collaboration to address resource and financial issues. However, there are exceptional situations where some schools face financial difficulties which are beyond the abilities of a school to manage. This can arise due to a dramatic fall in roll over a relatively short period. There may also be instances where school closure may leave a deficit.
3. This report proposes a set of principles that will need to be approved by Schools Forum, that sets out how funding could be allocated from a new contingency, named “the Financial Difficulty Reserve”, to help clear the debt. Other authorities will have similar arrangements for the use of financial difficulty funding as it is a permitted expenditure within the Schools Budget.
- 4 The DfE advise that the use of the financial difficulty contingency is funded within the Schools Budget and hence the cost falls to Dedicated Schools Grant (DSG).

Introduction and Background

5. There are a set of arrangements in Herefordshire, as in other local authorities that have established the expectation of schools managing within budgets. Herefordshire schools take such responsibilities very seriously and governors and staff work with local authority officers to achieve this. There are arrangements for financial and school improvement support, and procedures for short term licensed deficits where required. The licensed deficit agreement that schools with a deficit are required to complete generally requires repayment over three years and only in exceptional circumstances is a five year agreement signed
6. However, there are circumstances where this approach does not address significant issues that result in deficits, primarily via significant loss of pupil numbers over a relatively short time, and also where a school closes.
7. School Forum originally considered setting up a reserve for schools in financial difficulty in 2007/08 and £91k was allocated as a budget. However, no further work was done to establish a policy for schools wishing to access this funding, or establishing a set of parameters to define clearly what constitutes a school in financial difficulty. As no further work was undertaken the budget was returned to DSG for re-allocation in 2008/09.
8. Dilwyn school closed on the 31st August 2011 and although the accounts are not yet finalised a deficit of at least £15,000 is forecast. In future there may be instances of school closure, with a deficit. Two schools closed in Herefordshire with surplus balances (Brilley primary school in August 2007 and St Mary’s Hope in March 2005). However, due to the increasingly difficult financial circumstances it may be that that any future school closures will do so with a financial deficit.
9. Additionally, there are two schools that have suffered a catastrophic loss of pupils likely to result in a loss in excess of 50% of pupils, over a five to seven year period. Such a loss of pupils is beyond a schools ability to manage, and inevitably results in the school’s budget decreasing faster than the schools ability to reduce staffing costs to mitigate the deficit. In such circumstances a deficit is incurred before the pupil numbers and budget can be stabilised.

Agreed recovery plans for the schools are put in place and head teachers and governing bodies are committed to addressing the deficit. In such cases, in order to avoid disadvantaging the education of the current pupils at the school, the recovery plan agreed with the school is proposed to require the school to find half the deficit by repayment on a long term basis, say over ten years and the other half of the deficit to be met from Dedicated Schools Grant.

10. The proposed use Financial Difficulty Reserve would be for use on a longer term basis, for exceptional circumstances, rather than the current licensed deficit agreement.
11. It must also be noted that school funding regulations do not permit school deficits to be written off unless the school closes and hence a policy needs to be agreed by Schools Forum for the use of the Financial Difficulty Reserve to assist such schools to return to financial health. School funding regulations require that the principles are agreed with Schools Forum.
12. It is proposed that the following principles should be adopted by Schools Forum regarding use of the Financial Difficulty Reserve
 - a. The school must be responsible for half the deficit on a long term repayment basis
 - b. The deficit must be in excess of £500k for a high school and £200k for a primary school
 - c. Schools must suffer a loss of a minimum of 50% of pupils
 - d. Funding will only be released after consideration by Schools Forum on a case by case basis in accordance with these principles. And in light of the local authority's view on the strategic commissioning of school places.
13. The Local Authority will assist Schools Forum in these considerations, including a strategic assessment of the requirements for the school or schools in question in terms of population and sufficiency
14. Aylestone Business and Enterprise College will be the first school where help from the reserve is necessary and will need to be considered in detail by Schools Forum. In summary, pupil numbers at the school have fallen from 1,255 in January 2004 to 689 in January 2011 and are forecast to fall further to below 550 pupils. The new Headteacher appointed in September 2008 has taken all practical steps to reduce costs in line with the reducing student numbers. Staffing has been restructured repeatedly and the school has been through the redundancy process in each year for the last five years. Premises costs have also been reduced over the same time period.
15. Examination results at Aylestone have improved significantly with the best ever GCSE results in 2011. The headline figures representing Aylestone's results this year exceed those expected from schools within the top 25% of similar schools nationally for the first time in the history of the school. The results represent a 25% improvement in results over three years and reflect the dedication and commitment of pupils, teachers and the Senior Leadership Team, including governors, in difficult circumstances..
16. The school and local authority have a draft action to reconfigure the school's capacity to 550 pupils and, as part of this, to decommission surplus accommodation, which will also reduce premises costs. The council is also seeking capital funding with the DfE in order to rebuild the school. The financial position of the school also needs to be resolved. The school forecast that the deficit will rise to a maximum of £600k and that the year on year budget will balance from 2014/15. The governing body has been asked to agree a long term repayment plan of £30k per year over ten years from 2015/16. The remainder of the deficit would in due course (if the expected deficit was reached) require a similar contribution from Dedicated Schools Grant in consultation with Schools Forum. The principles for the financial difficulty reserve would be

used to address this situation

Key Considerations

17. None identified.

Community Impact

18. None at this stage.

Financial Implications

19. The financial details will be further explored once the principles are agreed – but this will be around identifying schools in this position, the overall financial consequence, and what level of contingency will need to be held.
20. £236k of the DSG underspend from 2010/11 is to set aside to provide a reserve for schools with deficits and this will need to be topped up in future years to provide sufficient funding to cover the expected costs.

Legal Implications

21. There are no legal implications arising from the consultation paper.

Risk Management

22. £236k of the DSG underspend from 2010/11 has been set aside to provide the contingency and this will need to be topped up in future years to provide sufficient funding to cover the expected costs.

Appendices

23. None

Background Papers

24. None.

MEETING:	SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To inform Schools Forum of the final Dedicated Schools Grant (DSG) for 2011/12, consider an outstanding issue regarding mainstreamed grants in the 2011/12 schools budget and the outturn for 2010/11 including proposals for the use of the underspend.

Recommendation(s)

THAT Schools Forum:

- (a) **note the final DSG settlement and the average decreases in per pupil funding in schools for 2011/12**
- (b) **comment on the Section 251 Budget Statement as appropriate.**
- (c) **to retain the 2010/11 DSG underspend of £421k as follows;**
 - i **that the existing contribution of £25k for five years for the Music Service (already approved by Schools Forum in March 2011) is replaced by a one off contribution of £185k from the underspend to fund the music service deficit and avoid academy recoupment.**
 - ii **£236k to provide a reserve for deficit schools subject to School Forum's approval for individual withdrawals in accordance with the approved policy.**
- (d) **is invited to consider what action to take regarding the budget amendments for the mainstreamed grants in 2011/12 set out in paras 21 (a)-(c) and 25**

Key Points Summary

- The Individual Schools Budget (ISB), which includes individually assigned SEN resources, is the amount distributed direct to schools and has increased overall by 3.5%. Primary budgets

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

have increased by 3.2%, high school budgets by 3.6% and special school budgets by 5.8%.

- The total 2010/11 DSG underspend of £421k is available for distribution.

Alternative Options

- 1 No alternative options for the use of the underspend have been identified at this stage.

Reasons for Recommendations

- 2 The recommendations seek to ensure considered decisions for the use of the Dedicated Schools Grant underspend from 2009/2010.

Introduction and Background

- 3 The report provides a full breakdown of the DSG carry-forward balances from 2010/11. It also updates Schools Forum on the final amount of DSG for 2011/12.
- 4 The report is in three parts as follows;
 - A The Budget 2011/12
 - B Mainstreamed Grants 2011/12
 - C The DSG Outturn for 2010/11

Key Considerations

A. The Budget 2011/12

- 5 Three year budgets (final for 2011/12 and draft for 2012/13 and 2013/14) have been completed and issued to schools. The Section 251 Education Budget Statement has been completed for financial year 2011/2012 and submitted to the Department for Education (DfE). Full details of all the Section 251 (previously section 52) tables have been published on the Council's website. Table 1 setting out an overview of school and central expenditure is attached as Appendix 1.
- 6 The Schools Budget was based on pupil numbers of 22,561.6 (including early years and alternative provision) and a Dedicated Schools Grant (DSG) planning total of £106.942m. The final grant allocation for DSG has now been confirmed at £106,939k which is only £3,000 different from the planning total, a difference equivalent to less than one pupil.

- 7 School budgets have been calculated on the following pupil numbers (excluding nurseries and sixth forms and the Steiner Academy). The table shows that the fall in pupil numbers continues at 1% per year. The reduction in 2011/12 at 200 pupils is greater than the 163 pupil reduction in 2010/11.

Pupil Numbers	2011/12	2010/11	Difference	%
Primary	11,854	12,001	-147	-1.2%
High	9,140	9,209	-69	-0.75%
Special	246.5	231	+15.5	+6.7%
Total	21,240.5	21,441	-200.5	0.94%

8. Analysis of 2011/12 school budgets indicates that the funding passed through to schools has reduced by at least 1% per pupil. Excluding the pupil premium grant and individually assigned SEN funding (Band 3 & 4), the per pupil funding for primary schools has reduced by an average 1%, for high schools and special schools the average reduction is 2%. On average across Herefordshire as a whole the pupil premium is equivalent to an additional 1% per pupil but its allocation to individual schools depends on free school meal numbers. Overall the additional pupil premium will have made up for the budget loss in the primary sector however high schools will have seen reduced budgets. Cost increases due to inflation will be an additional pressure to be absorbed by school budgets.
9. The Guaranteed Unit of Funding (GUF) used by the DfE to determine the DSG now includes the additional funding for the mainstreamed grants for the first time in 2011/12. Hence the per pupil funding rate for Herefordshire has increased from the previous £4,002 per pupil in 2010/11 to £4,723.65 per pupil in 2011/12. Our position in the funding league table has changed from 3rd from bottom to 29th from bottom although we have received no more money. This is because Herefordshire delegated most of the School Development Grant (SDG) directly to schools and the funding has been retained in DSG. However, other authorities transferred more of SDG into the Area Based Grant and as a result have lost funding due to the budget cuts. This has meant that the GUF amount for mainstreamed grants in Herefordshire was higher than for other similar low funded counties and we have moved up the league table.
10. The DfE deducts funding for academy recoupment from the DSG for known academies at the start of the financial year; In percentage terms Herefordshire is 28th out of 151 authorities nationally with an overall recoupment percentage of 10.9% of DSG, by comparison with our neighbouring counties Gloucestershire is 11.2%, Worcestershire 2.6% and Shropshire 0% which gives a good indication of the rate of transfer to academy status in Herefordshire.

B. Mainstreamed grants 2011/12

- 11 There is one outstanding issue relating to the mainstreaming of grants in the 2011/12 schools budget that needs to be addressed. The former standards fund grants have been mainstreamed to comply with DfE guidance using the amount per pupil in 2010/11 and adjusted for the number of pupils in 2011/12. The sums paid to schools in 2010/11 were collected from finance records, high school bursars and the school improvement service

during December and January. The information collected was believed to be final and had been collected on that basis.

- 12 Following receipt of a letter from John Masefield high school it is now clear that the payment information collected for 121 tuition and targeted primary standards fund was not the final allocations and further 121 grant payments have continued to be made to schools. In fact amendments to payments to schools relating to 121 tuition have continued during the summer term as schools continue to take up or decline the 121 grant. Final spend on the 121 grant must be submitted to the DfE by 14th October as part of the final standards fund accounts.
- 13 The implication is that had the up to date payment information been used to calculate the mainstreaming of grants in the 2011/12 budgets then the allocations given to schools would have been different. Some schools would have received additional funding in their 2011/12 budget and other schools less. There are already a number of inequities in the mainstreaming of grants in 2011/12, for example targeted grant allocations have been dependent on funding received in 2010/11 and not over a longer period, extended schools allocations have varied depending how the agreements in each partnership. As all the grant funding was allocated to schools, to adjust the budgets of those schools gaining would require other schools to receive less.
- 14 For example, the “final” payment for 121 Tuition to John Masefield as at January 2011 was recorded as £22,500 for the 2010/11 financial year and on a pro-rata basis with increased pupil numbers £23,103 was allocated in the 2011/12 budget (i.e. an increase of 20 pupils from the 746 pupils in Jan 10). However the actual amount paid to John Masefield for 121 tuition was £25,500 as a further payment of £3,000 was paid in early March from the 121 grant. The actual take up would have entitled the school to £26,184 in 2011/12 rather than the £23,103 actually received. The school has requested that Schools Forum consider their entitlement to the additional £3,081. The points below set out how Schools Forum might wish to address the issue countywide.
- 15 The budgets of all schools in the county will be affected to a greater or lesser extent. A summary of the position of individual schools is set out in the table below. Currently only John Masefield are aware of the potential impact on their budget, other schools have not yet been informed.

Primary Schools	Number of schools with budget reductions	Number of schools with budget increases
Less than £200	39	12
Between £201 and £600	7	3
Between £601 and £1,100	2	2
Between £1,101 and £2,350	13	0

High Schools	Number of schools with budget reductions	Number of schools with budget increases
Less than £2,000	3	0
Between £2,001 and £5,000	5	32
Between £5,001 and £10,000	1	0
Between £10,001 and £15,000	0	1
Between £15,001 and £20,000	1	0

In addition, the three special schools will receive a budget reduction of £200 each.

All budget adjustments are listed prior to any protection offered by the minimum funding guarantee which is likely to increase the cost for those schools losing funding.

- 16 Overall, those primary schools gaining receive budget increases in total of £4,000 whilst those losing will receive budget reductions in total of £41,490. Special schools will lose a total of £600. Overall high schools gaining will receive in total £22,500 more whilst those schools losing will receive in total £44,625 less.
17. Since writing in April, John Masefield have converted to academy status and their funding is now determined by the Young People's Learning Agency although an amount is recouped by the DfE from Herefordshire's DSG.
18. All the DSG budget has been allocated to schools, there are minimal contingencies available to fund budget errors. The cost of making good those schools with a shortfall would be £26,500 in 2011/12 without reducing the funding of other schools. However as there is no funding available in the 2011/12 budget the funding would have to be found from elsewhere.
- 19 Options available to Schools Forum are
 - a Choose not to amend any school budgets on the basis that the grants information used in January was used in good faith as final information (and there are already many inequities in the mainstreamed grants)
 - b Re-determine all school budgets based on the final grant payments as at 31st August when no further standards funds payments can be made to schools.
 - c Allocate a sum of £26,500 so that those schools receiving less than their entitlement can be made good and those overpaid are not adjusted and ask the Budget Working Group to consider any impact on the 2012/13 mainstream grants in its grant review.

C. DSG Outturn 2010/11

- 20 School balances of £6,002k have been carried forward to the new financial year – this is a net increase of £505k from the previous year, adjusting for in-year balance transfers of schools converting to academies gives a comparable increase of £1,150k. Primary school balances are £3,501k (a net increase of £573k), high school balances are £2,285k (a net increase of £539k), special school balances are £218k (a net increase of £34k). At the end of 2010/11 five schools were in deficit and the total deficit was £372k compared previously with 6 schools and a total deficit of £233k at the end of 2009/10. Recovery plans will be agreed with those schools newly entering a deficit position. Balances of academy schools are excluded from the report as academies report separately to the Young People’s Learning Agency.
21. As required by DSG grant regulations, an underspend of £421k has been carried forward to 2011/12 to be allocated by Schools Forum. Budget variances in excess of £50k and the reasons are shown in the table below

Over spends	Amount	Reason
Banded Funding	£153k	Increased applications for Bands 3 & 4 from primary schools in particular
Complex Needs	£265k	Increased number of pupils in the joint social care, health and education out county complex needs budget
Contingencies	£198k	Initial underestimated school rates funded at cost.
Underspends		
Early Years	£189k	offsetting £146k of Sure start grant at year end
Nursery Education Funding	£272k	Offsetting £248k of Free 3 and 4 year old entitlement grant at year end
Recoupment	£98k	Income from out county pupils in Herefordshire schools exceeded payments for Herefordshire pupils out county
SEN support services	£102k	staffing vacancies
Governor Services	£63k	Underspend of additional £70k set-up funding
Travellers	£55k	Efficiencies from bring service in-house
PRU	£55k	Balance claw backs from PRUs with excess balances in excess of 10%
Carry Forward 09/10	£83k	Balance of £128k underspend after allocation PRU 25 hrs additional teaching costs

- 22 It is proposed to allocate the underspend of £421k as follows
- a. Firstly, Music Service Deficit - it is proposed that the existing contribution of £25k for five years (already approved by Schools Forum in March 2011) is replaced by a one off contribution of £185k from the underspend as this will avoid academy recoupment (up to 40%) of the annual £25k which would effectively reduce the contribution by £10k pa and leave a shortfall of at least £40k at the end of five years
 - b. Secondly, it is projected that a number of schools in the next few years will incur deficits, either as a result of small schools either closing or federating with a deficit or schools suffering from an exceptional fall in pupil numbers which is unmanageable. It is proposed to transfer to reserves the balance of the underspend i.e. £236k for meeting school deficits subject to the principles to be approved by Schools Forum. This is a separate item on the agenda.
- 23 Finally it would now be possible to re-allocate the already agreed budget of £25k released from 24(a) so that those schools receiving less than their 121 standards fund entitlement can be made good and those overpaid are not adjusted as set out in para 21(c) above.

Community Impact

- 24 No direct impact

Financial Implications

- 25 As set out in the report. The allocation of DSG carry forward to one-off projects will have no impact on future year's allocation of DSG.

Legal Implications

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

Risk Management

- 27 A recovery plan for the music service must be implemented to ensure a recurrent balanced budget is in place by 31st March 2011

Appendices

Section 251 Budget Statement 2011/12

Background Papers

None

LA Table: FUNDING PERIOD (2011-12)

DfE Financial Data Collection

LA Table Local Authority Information

Herefordshire					LA Number	884				
Description	Early Years	Primary	Secondary	Special	Gross Input	Gross	Income	Net	Deprivation	
1. SCHOOLS BUDGET										
1.0.1 Individual Schools Budget	3,744,138	47,018,786	35,081,162	4,261,289		90,105,375		90,105,375	0	
1.0.2 Pupil premium allocated to schools		577,490	266,600	31,820		875,910	875,910	0	1	
1.0.3 Pupil premium managed centrally					41,710	41,710	41,710	0	1	
1.0.4 Threshold and Performance Pay (Devolved)	0	0	0	0		0	0	0	0	
1.0.5 Central expenditure on education of children under 5	959,810	0	0	0		959,810	590,403	369,407	0	
1.1.1 Support for schools in financial difficulty	0	0	0	0		0	0	0	0	
1.1.2 School specific contingencies	0	33,476	35,658	3,639		72,773	0	72,773	0	
1.1.3 Early Years contingency	0	0	0	0		0	0	0	0	
1.2.1 Provision for pupils with SEN (including assigned resources)	0	315,315	321,685	0		637,000	0	637,000	0	
1.2.2 SEN support services	0	735,536	642,858	92,678		1,471,072	0	1,471,072	0	
1.2.3 Support for inclusion	0	62,034	54,218	7,816		124,068	0	124,068	1	
1.2.4 Fees for pupils with SEN at independent special schools & abroad	0	0	0	2,446,841		2,446,841	611,710	1,835,131	0	
1.2.5 SEN transport	0	0	0	0		0	0	0	0	
1.2.6 Fees to independent schools for pupils without SEN	0	0	0	0		0	0	0	0	
1.2.7 Interauthority recoupment	0	47,544	88,679	127,592		263,815	239,101	24,714	0	
1.2.8 Contribution to combined budgets	0	0	0	0		0	0	0	0	
1.3.1 Pupil Referral Units	0	0	947,318	0		947,318	0	947,318	0	
1.3.2 Behaviour Support Services	0	0	0	0		0	0	0	0	
1.3.3 Education out of school	0	40,540	35,432	5,108		81,080	0	81,080	0	
1.3.4 14-16 More practical learning options	0	0	0	0		0	0	0	0	
1.4.1 Support to underperforming ethnic minority groups and bilingual learners	0	0	0	0		0	0	0	0	
1.5.1 School meals - nursery, primary and special schools	0	0	0	0		0	0	0	0	
1.5.2 Free school meals eligibility	0	9,251	7,103	166		16,520	0	16,520	1	
1.5.3 Milk	0	0	0	0		0	0	0	0	
1.5.4 School kitchens repair and maintenance	0	0	0	0		0	0	0	0	
1.6.1 Insurance	0	0	0	0		0	0	0	0	
1.6.2 Museum and Library Services	0	3,397	0	0		3,397	0	3,397	0	
1.6.3 School admissions	0	101,609	78,021	1,814		181,445	0	181,445	0	
1.6.4 Licences/subscriptions	0	0	0	0		0	0	0	0	
1.6.5 Miscellaneous (not more than 0.1% total of net SB)	0	12,500	12,500	0		25,000	0	25,000	0	
1.6.6 Servicing of schools forums	0	8,580	7,499	1,081		17,160	0	17,160	0	
1.6.7 Staff costs supply cover (not sickness)	0	43,043	33,051	769		76,862	0	76,862	0	
1.6.8 Supply cover long term sickness	0	0	0	0		0	0	0	0	
1.6.9 Termination of employment costs	0	0	0	0		0	0	0	0	
1.6.10 Purchase of carbon reduction commitment allowances	0	0	0	0		0	0	0	0	
1.7.1 Other Specific Grants	0	0	0	0		0	0	0	0	
1.8.1 Capital Expenditure from Revenue (CERA) (Schools)	0	0	0	0		0	0	0	0	
1.8.2 Prudential borrowing costs	0	0	0	0		0	0	0	0	
1.9.1 TOTAL SCHOOLS BUDGET	4,703,948	49,009,101	37,611,784	6,980,613	41,710	98,347,156	2,358,834	95,988,322		
2. OTHER EDUCATION AND COMMUNITY BUDGET SPECIAL EDUCATION										
2.0.1 Educational psychology service					377,683	377,683	0	377,683		
2.0.2 SEN administration, assessment and coordination					338,750	338,750	0	338,750		
2.0.3 Therapies and other health related services					0	0	0	0		
2.0.4 Parent partnership, guidance and information					91,571	91,571	0	91,571		
2.0.5 Monitoring of SEN provision					133,361	133,361	0	133,361		
2.0.6 Total Special Education					941,365	941,365	0	941,365		
2. OTHER EDUCATION AND COMMUNITY BUDGET LEARNER SUPPORT										
2.1.1 Excluded pupils					0	0	0	0		
2.1.2 Pupil support	0	0	0	0						
2.1.3 Home to school transport: SEN transport expenditure	0	0	0	20,523		20,523	0	20,523		
2.1.4 Home to school transport: other home to school transport expenditure	0	1,023,338	2,413,985	763,654		4,200,977	0	4,200,977		
2.1.5 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 16-18)					0	0	0	0		
2.1.6 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 19-25)					0	0	0	0		
2.1.7 Home to post16 provision transport: other home to post 16 transport expenditure					171,689	171,689	0	171,689		
2.1.8 Education welfare service					198,777	198,777	0	198,777		
2.1.9 School improvement					1,015,873	1,015,873	0	1,015,873		
2.1.10 Total Learner Support	0	1,023,338	2,413,985	784,177	1,386,339	5,607,839	0	5,607,839		
2. OTHER EDUCATION AND COMMUNITY BUDGET ACCESS										
2.2.1 Asset management education					760,641	760,641	0	760,641		
2.2.2 Supply of school places					0	0	0	0		
2.2.3 Music services					0	0	0	0		
2.2.4 Visual and performing arts (other than music)					0	0	0	0		
2.2.5 Outdoor education including environmental and field studies (not sports)					0	0	0	0		

2.2.6 Total Access				760,641	760,641	0	760,641
3. YOUNG PEOPLE'S LEARNING AND DEVELOPMENT							
3.0.1 16-18 Provision other than schools and FE				0	0	0	0
3.0.2 14-19 Reform				72,294	0	0	72,294
3.0.3 Total Young people's learning and development				72,294	0	0	72,294
3.1.1 Capital Expenditure from Revenue (CERA) (Young people's learning and development)				0	0	0	0
4. ADULT AND COMMUNITY							
4.0.1 Adult and Community learning				0	0	0	0
4.0.2 - Total Adult and Community Learning				0	0	0	0
4.1.1 Capital Expenditure from Revenue (CERA) (Adult & Community)				0	0	0	0
5. YOUTH JUSTICE							
5.0.1 Secure accommodation (youth justice)				0	0	0	0
5.0.2 Youth Offender Teams				292,754	292,754	0	292,754
5.0.3 Other Youth Justice Services				0	0	0	0
5.0.4 Total Youth Justice				292,754	292,754	0	292,754
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES EARLY YEARS							
6.0.1 Funding paid to early years providers to deliver free early education places for two year olds				190,215	190,215	0	190,215
6.0.2 Other early years funding				555,697	555,697	0	555,697
6.0.3 Total Early Years				745,912	745,912	0	745,912
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES SURE STARTS CHILDREN'S CENTRES							
6.1.1 Funding for individual Sure Start Children's Centres				2,290,369	2,290,369	0	2,290,369
6.1.2 Funding on local authority provided or commissioned areawide services delivered through Sure Start Children's Centres				483,500	483,500	0	483,500
6.1.3 Total Sure Start Children's Centres				2,773,869	2,773,869	0	2,773,869
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES CHILDREN LOOKED AFTER							
6.2.1 Residential care				3,062,860	3,062,860	0	3,062,860
6.2.2 Fostering services				3,865,554	3,865,554	0	3,865,554
6.2.3 Other children looked after services				330,899	330,899	0	330,899
6.2.4 Secure accommodation (welfare)				0	0	0	0
6.2.5 Short breaks (respite) for looked after disabled children				118,000	118,000	0	118,000
6.2.6 Children placed with family and friends				154,310	154,310	0	154,310
6.2.7 Advocacy services for children looked after				39,639	39,639	0	39,639
6.2.8 Education of looked after children	0	86,427	66,364	1,543	154,334	0	154,334
6.2.9 Leaving care support services				348,000	348,000	0	348,000
6.2.10 Asylum seeker services children				0	0	0	0
6.2.11 Total Children Looked After	0	86,427	66,364	1,543	7,919,262	8,073,596	8,073,596
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES CHILDREN AND YOUNG PEOPLE'S SAFETY							
6.3.1 Child death review processes				5,000	5,000	0	5,000
6.3.2 LA functions in relation to child protection				0	0	0	0
6.3.3 Local safeguarding children's board				105,720	105,720	0	105,720
6.3.4 Total Children and Young People's Safety				110,720	110,720	0	110,720
6.4.1 Direct payments				88,140	88,140	0	88,140
6.4.2 Short breaks (respite) for disabled children				175,000	175,000	0	175,000
6.4.3 Home care services				0	0	0	0
6.4.4 Equipment and adaptations				0	0	0	0
6.4.5 Other family support services				714,158	714,158	0	714,158
6.4.6 Contribution to health care of individual children				0	0	0	0
6.4.7 Intensive family interventions				0	0	0	0
6.4.8 Total Family Support Services				977,298	977,298	0	977,298
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES OTHER CHILDREN AND FAMILY SERVICES							
6.5.1 Adoption services				1,137,673	1,137,673	0	1,137,673
6.5.2 Special guardianship support				166,580	166,580	0	166,580
6.5.3 Other children's and families services				12,800	12,800	0	12,800
6.5.4 Total Other Children's and Families Services				1,317,053	1,317,053	0	1,317,053
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES CHILDREN'S SERVICES STRATEGY							
6.6.1 Partnership costs				378,706	378,706	0	378,706
6.6.2 Central commissioning function				119,654	119,654	0	119,654
6.6.3 Total Children's Services Strategy				498,360	498,360	0	498,360
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES SOCIAL WORKERS							
6.7.1 Commissioning and social work				4,290,829	4,290,829	0	4,290,829
6.8.1 Capital Expenditure from Revenue ((CERA) (Children's and young people's services)				0	0	0	0
6. CHILDREN'S AND YOUNG PEOPLE'S SERVICES SERVICES FOR YOUNG PEOPLE							

6.9.1 Universal services for young people (including youth work, positive activities and IAG)	2,117,091	2,117,091	0	2,117,091
6.9.2 Targeted services for young people (including youth work, positive activities and IAG)	0	0	0	0
6.9.3 Substance misuse services (Drugs, Alcohol and Volatile substances)	180,000	180,000	0	180,000
6.9.4 Teenage pregnancy services	0	0	0	0
6.9.5 Discretionary Awards	0	0	0	0
6.9.6 Student Support	0	0	0	0
6.9.7 Total Services for young people	2,297,091	2,297,091	0	2,297,091
6.10.1 Capital Expenditure from Revenue (CERA) (Services for young people)	0	0	0	0
7. Local Authority Education functions				
7.0.1 Statutory/ Regulatory Duties	626,784	626,784	0	626,784
7.0.2 Premature retirement costs/ Redundancy costs (new provisions)	650,000	650,000	0	650,000
7.0.3 Existing early retirement costs	0	0	0	0
7.0.4 Residual pension liability (eg FE, Careers Service, etc)	0	0	0	0
7.0.5 Joint use arrangements	0	0	0	0
7.0.6 Insurance	0	0	0	0
7.0.7 Monitoring national curriculum assessment	0	0	0	0
7.0.8 Total Local Authority Education Functions	1,276,784	1,276,784	0	1,276,784
7. Local Authority Education functions SPECIFIC GRANTS				
7.1.1 Other Specific Grant	0	0	0	0
7.2.1 Capital Expenditure from Revenue (CERA) (LA Education Functions)	88,140	88,140	0	88,140
8.1.1 Total Schools Budget, Special Education, Learner Support, Access, Young People's Learning and Development, Services for Young People and Adult and Community Budget (Including CERA) (Lines 1.9.1+ 2.0.6 + 2.1.10 + 2.2.6 + 3.0.3 + 3.1.1 + 4.0.1 + 4.1.1	3,130,055	105,729,295	2,358,834	103,370,461
8.1.2 - Total Youth Justice, Children and Young People's Services Budget (Including CERA)(lines 5.0.4 + 6.0.3 + 6.1.3 + 6.2.11 + 6.3.4 +6.4.8 + 6.5.4 + 6.6.3 + 6.7.1 + 6.8.1 + 6.9.7 + 6.10.1)	21,223,148	21,377,482	0	21,377,482
8.1.3 Total LA Education Functions Budget (Including CERA) plus (Lines 7.0.8 + 7.1.1 + 7.2.1)	1,364,924	1,364,924	0	1,364,924
Community Budget, Youth Justice, Children and Young People's Services and Local Authority Education	25,718,127.40	128,471,701.01	2,358,834.00	126,112,867.01
10 Capital Expenditure (excluding CERA)	0	0	0	0
11 - Expenditure covered by YPLA Grant - Include below the part of the expenditure recorded in individual lines in the Schools budget that is supported by the YPLA				
11a.1 SIXTH FORM YPLA allocation for 16+ funding for secondary schools (included in expenditure 1.0.1 column (c))	1,467,018	1,467,018	1,467,018	0
11b.1 SIXTH FORM – Element included at lines 1.2.1 and 1.2.2 above for pupils with SEN (including assigned resources)	0	341,223	341,223	341,223
11b.2 SIXTH FORM – Element included at 1.2.4 above for pupils at independent special schools and abroad	0	0	0	0
11b.3 SIXTH FORM – Element included at 1.2.6 above for pupils at independent schools (without SEN)	0	0	0	0
11c.1 YPLA Threshold and Performance Pay Costs (included in expenditure at 1.0.1 columns c and d)	0	0	0	0
11c.2 YPLA Threshold and Performance Pay Costs (included in expenditure at 1.0.4 columns c and d)	0	0	0	0
12. Sure Start Children's centres				
12a.1 Funding on evidence based, early intervention services delivered through Sure Start Children's Centres (whether provided by children's centres using delegated budgets or commissioned by the local authority) (included in expenditure at 6.1.1 and 6.	0	0	0	0
12a.2 Funding on local authority management costs relating to Sure Start Children's Centres (included in expenditure at 7.0.1)	159,948	159,948	0	159,948
13. Services for young people				
13a.1 Youth work (included in expenditure at 6.9.1 and 6.9.2)	2,117,091	2,117,091	0	2,117,091

MEETING:	SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT 2012/13 – BUDGET CONSULTATION
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide – All Schools

Purpose

To consider a budget consultation paper which explains the budget options for the 2012/13 Dedicated Schools Grant and to seek the views of schools prior to developing initial budget proposals for School Forum's consideration in December 2011.

Key Decision

This is not a Key Decision.

Recommendation

THAT School Forum is asked to:

- a. comment on the draft budget consultation paper for the Dedicated Schools Grant 2012/13 as appropriate;
- b. approve the consultation paper for distribution to schools and PVI nurseries;
- c. agree the budget process and timeline as set out in the consultation paper, i.e.
 - i briefings for all schools, governors and PVIs in October – dates to be confirmed.
 - ii individual response form to be returned by 11th November
 - iii Budget Working Group to meet on 25th November prior to Schools Forum to consider responses and prepare initial budget proposals
 - iv Schools Forum to consider the response to the consultation
 - v Budget Working Group to meet on 14th December to consider whether any changes are required to the budget strategy following the DfE announcement of the school budget settlement in early/mid December and to determine whether

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

a further short consultation with schools and PVI is necessary

- vi Schools Forum to consider the final budget proposals on 24th February 2012 and recommend final budget proposals to the Cabinet Member for Corporate Services and Education.

Key Points Summary

There is a potential shortfall of £1m in the Dedicated Schools Grant for 2012/13. The consultation paper will seek the views of schools and PVIs on a range of budget options and will be essential in preparing final budget proposals.

Alternative Options

- 1 There are no alternative options for consideration.

Reasons for Recommendations

- 2 The budget consultation paper needs to be approved by Schools Forum prior to distribution to schools and PVI nurseries.

Introduction and Background

- 3 Last year the government's schools funding settlement was received late on the 13th December 2010 and by necessity the consultation with schools and PVIs was squeezed into a very short timescale after Christmas. In order to give schools and PVIs more time for consideration of the budget options the Budget Working Group prefers an early consultation and if necessary following the schools budget settlement, a brief secondary consultation limited to any changes prior to preparing final budget proposals for Schools Forum on 24th February 2011.
- 4 The draft budget consultation, as considered by the Budget Working Group on the 9th September is attached as an Appendix. The proposals contained in the consultation paper will impact on all schools in Herefordshire including academies. Currently academies are funded by the Young People's Learning Agency using the base Herefordshire school funding formula although there is an option in the national school funding formula for academies to be funded by the new national formula.
5. The proposals in the consultation paper aim to meet the increased cost pressures of £400k (i.e. £1.1m cost pressures net of £700k existing savings) and provide a further £500k to meet the costs of the implementation of the first year of changes proposed by the review of the mainstreamed grants undertaken by the Budget Working Group.
6. The budget proposals provide for the overall cost increase of £900k to be met by a package of budget reductions, similar to last year, but largely through reductions in social deprivation funding which will be offset by increases in the pupil premium for 2012-13.
7. A detailed schedule of illustrative budgets school by school showing the impact of the budget proposals will be attached to the consultation paper prior to distribution to schools. To achieve a reasonable degree of accuracy the schedule of school budget changes can only be prepared when the September pupil census is available. A response form will also be included in the consultation pack prior to distribution.
8. The results of the consultation will be considered by the Budget Working Group in late November prior to Schools Forum receiving a full report at the December meeting.

Key Considerations

9 None identified.

Community Impact

10 None At this stage as the report relates to consultation only at this stage.

Financial Implications

11 None at this stage as the report relates to consultation only at this stage. .

Legal Implications

12 There are no legal implications arising from the consultation paper.

Risk Management

13 A detailed budget consultation exercise with schools will ensure that the widest consideration is given to managing the impact and risk associated with the necessary budget reductions. Schools Forum will have the feedback from the consultation available when framing the final budget proposals for the Schools Forum meeting on 24th February 2012.

Appendices

14 The Dedicated Schools Grant 2012/13 – Budget Consultation paper for schools and PVIs.

Background Papers

15 None.

DEDICATED SCHOOLS GRANT 2012/13

DRAFT for discussion at Budget Working Group 9th September

BUDGET CONSULTATION FOR SCHOOLS AND RESPONSE FORM

(Response form still to be drafted)

**The budget response form must be returned by 11th November 2011 to
malcolm.green@herefordshire.gov.uk**

1.0 INTRODUCTION

- 1.1 This report sets out the expected financial position for school budgets for 2012-13 and the approach to consulting with schools and PVI nursery providers on the budget options available for the next financial year. The government is due to announce the next steps in the implementation of the national school funding formula and the budget settlement for schools in early December.
- 1.2 The financial settlement for both the council and schools is expected to remain “tight” and it will continue to be important to ensure that all the available funding is targeted effectively. In order to ensure the best use of available funding, Schools Forum has agreed a set of principles which will be used to inform decisions. These principles are set out in section 2 below.
- 1.3 This budget consultation with schools and Private, Voluntary & Independent nurseries is an important part of ensuring that the final 2012/13 budget proposals are fair and equitable. As such the views of all headteachers, governing bodies and nurseries are important and will contribute to the development of the final budget recommendations. You are encouraged to reply by the 11th November and attend the briefing meetings.

2.0 BUDGET PRINCIPLES

- 2.1 Schools Forum has updated the principles used in determining the 2011/12 budget and also included additional principles that have been set out by the Department for Education in the consultation paper on the national school funding formula. The principles underpinning the national funding formula are helpful in ensuring that decisions taken locally support the gradual move to a national formula whereby all schools with similar pupil intakes will receive comparable levels of funding. There are currently wide variations in the per pupil funding levels locally. These national and local principles will be used to guide the planning of the 2012-13 Schools Budget.

2.2 National principles to be adopted locally

2.2.1 In preparation for the potential implementation of the national school funding formula by government from 2013-14 onwards, the Budget Working Group considers that it would be sensible forward planning and to assist the eventual transfer of Herefordshire schools onto the national formula for the 2012-13 Herefordshire Schools Budget to be prepared using the same key principles locally as will be used nationally. These national principles (set out in italics below) to be adopted locally are as follows;

2.2.2 Funding is fair and logical

“Schools in similar circumstances and with similar intakes would receive similar levels of funding”

2.2.3 Extra resources for pupils who need them most

“many children need additional support for which additional funding is necessary”

2.2.4 Supports a diverse range of school provision

“ transparent and fair funding ensures all schools operate on a level playing field”

2.2.5 Provides value for money and ensure proper use of public funds

“represents good value for money, funds directed where needed and spent appropriately”

2.3 Local Herefordshire principles to be adopted locally

2.3.1 In addition to the principles set out nationally, in setting the 2010-11 budget Schools Forum adopted a number of principles and these are set out below

2.3.2 Consultation on a broad range of savings options

2.3.3 Savings options are focussed at generating significant savings

2.3.4 Schools Forum should have genuine budget choices available

2.3.5 All aspects of school funding to be included in savings options including small schools protection

2.3.6 All centrally retained budgets will contribute some savings e.g. through a percentage reduction at least inline with the savings required

- 2.3.7 Reductions in social deprivation funding will be equivalent to the growth in the national pupil premium
- 2.3.8 Narrow the “per pupil” funding gap between the highest and lowest funded schools as the gap is perceived as too great
- 2.3.9 PVI nursery funding to be reduced until parity with the three adjoining counties is achieved
- 2.3.10 Ideally SEN and banded funding budgets to be sufficient to meet the needs of the children
- 2.3.11 All budget increases to be robustly challenged by Schools Forum
- 2.3.12 No subsidised services
- 2.3.13 Ensure that appropriate PVI settings and schools will be consulted on budget proposals annually through meetings and consultation documents

Note: nationally the DfE has requested authorities to maintain current levels of social deprivation funding as the pupil premium is additional to existing budget allocations.

3.0 INITIAL BUDGET ASSESSMENT

3.1 Draft DSG budget projections 2012/13

- 3.1.1 The Budget Working Group has agreed some initial funding projections 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. The actual net budget reduction will depend on the actual reduction in pupil numbers and the ratio between primary and secondary. The net loss of DSG income has been as high as £500k in previous years but is expected to reduce as the fall in pupil numbers transfers to the secondary sector. The current estimate for 2012/13 is £185k
Banded funding -	Possible to continue to increase by £200k p.a. (based on the growth since 2006/07). Current forecast for 11/12 is approx £230k overspend (as at 1 st September)

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	On recent trends 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 2012/13 and a further £1m in 2013/14 and a further £1m in 2014/15 (based on national spend of £625m in 2011/12 rising to £2.5bn in four years – but not confirmed by DfE).

Hence in broad terms no increase in DSG funding is to be expected, spend on SEN may increase by £0.55m per annum, continued falling rolls may cost £0.5m and other business costs to schools a further £0.2m DSG budget planning should therefore assume budget cuts of £1.25m pa will be required in 2012/13. This is comparable with the budget cuts that were required in setting the 11/12 DSG budget – and arise from the same underlying reasons.

3.2 Preliminary costs/pressures

3.2.1 Preliminary work on the 2012/13 schools budget indicates (pupil forecasts are based on admissions offers and will be firmed up when September census pupil numbers are known)

1. Falling Rolls

To be confirmed by the pupil census in September however initial estimates based on admission offers for September 2011 are as follows;

- High school pupils reduced by -107
- Primary school pupils reduced by -24
- Possible loss of pupils on transfer to secondary -30
- Increase in special school numbers of +10

Although there is a net reduction in pupil numbers estimated as 151 pupils i.e. 0.67% the circumstances for individual schools will vary, some schools will have increasing pupil numbers or are full whilst others will be falling.

Loss of DSG (gross) is £713,000 i.e. 151 pupils x £4,723.65. The average savings in school budget is £3,500 per pupil so the next loss in grant is £185,000. This is lower than in previous years due to the falling rolls transferring to the secondary sector. The additional costs of higher special school pupils are shown elsewhere.

2. Savings already identified

Full year savings in 2012/13 flowing through from the budget cuts made in last year's 2011/12 budget are estimated as £419k and additional savings in business rates from academy and foundation status are expected to be £265k dependent on precise numbers of schools converting.

3. Hence 2012/13 budget position is potentially as follows

• Net reduction in DSG	£185k
• Add increase in Banded funding (based on trends)	£200k
• Add extra Special schools places (based on trends)	£300k
• Complex Needs (based on trends)	£200k
• Business rates, insurance, UPS pay (based on trends)	£200k
Total costs pressures	£1,085k
• Less savings in charitable rates	-£265k
• Less savings accrued from 2011/12 budget proposals	-£419k
Total identified savings	-£684k

Reduction in Schools Budget	+£401k
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Add estimated cost of phase 1 of grants review	+£500k
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Estimated gross Reduction in schools Budget	+£901k
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Savings social deprivation and personalised learning as set out
In sections 9,10 and 11.

Offset by increase in Pupil premium grant	-£918k
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Net change in Schools Budget	+£17k
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Note: All SEN costs will be reassessed early in the autumn term although accurate end of year predictions will only be available towards December when more of the 2011/12 actual expenditure is known.

3.3 Mainstreamed Grants Review

3.3.1 The Budget Working Group (BWG) has reviewed all the component grants that were mainstreamed into DSG in 2011/12 and have agreed a series of proposals for change over a three year period. The review is designed to achieve greater fairness in the allocation of the former standards fund grants. It is not a cost cutting exercise. The overall cost of change at £1.5m is too great to be achieved in a single year and so it is proposed to phase in the changes over a three year period at a cost of £0.5m per year. The cost arises from the protection provided by the Minimum Funding Guarantee to those schools losing funding whilst at the same time allocating additional funding to those schools gaining. The BWG consider that change is necessary due to the wide variation in the amount of grant per school 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

3.3.2 In conducting the review, BWG agreed some principles to guide consideration of the actual allocations at a later stage as follows:

- ❖ **Basic School Development Grant (SDG)** (i.e. excluding Previous Excellence cluster payments)

Proposal: to be paid the same rate per pupil for all schools

SDG is worth £4.46m, equivalent to £205.48 per pupil for all schools. SDG includes 40% of the former National Grid for Learning (ICT infrastructure) grant, which was rolled into SDG in 2006/07 and additional budget headroom from DSG has been added into SDG on a social deprivation basis as required by the previous government.

To achieve greater consistency with the proposed national school funding formula It is proposed that SDG funding is allocated at a fixed base of £10,000 for all schools plus £159 per pupil (pupil numbers x 4 for special schools) which would bring some convergence with the national school funding formula proposals for a £95,000 lump sum for all primary schools. Alternatively, £205.48 per pupil could be allocated to all schools however this is not favoured by the Budget Working Group.

Implementation is to be phased over a 3 year period so that the new formula is introduced by a 1/3rd each year to phase in winners and losers gradually. This will minimise the change in school budgets over the 3 year period.

❖ ***Excellence Cluster funding***

Proposal: Due to the complexity of the Excellence cluster and BIP funding, £1.18m, it is proposed that there should be no change in 2012/13 for schools in the South Wye and Golden Valley areas and that there should be further more detailed discussions with the schools (including South Wye schools and similar schools elsewhere in the county) involved so that agreed proposals can be brought forward for consultation next year and implementation in 2013/14 and 2014/15.

However due to falling rolls, some schools in the former excellence cluster would receive an increase in funding, to avoid this it is proposed to cap SDG and excellence cluster/BIP funding so that no school receives more in 2012/13 than in 2011/12.

❖ ***School Lunch Grant***

Proposal: the £0.2m paid out at £17.65 per pupil for primary and special schools rather than taking account of transport costs for hot meals as previously agreed by Schools Forum. Since high schools have on-site kitchens there is no transport cost.

❖ ***Specialisms***

Due to the complexity of the specialist grants, £1.9m, it is proposed that there should be no change in 2012/13 for high schools and that there should be further more detailed discussions with HASH so that proposals can be brought forward for consultation next year and implementation in 2013/14 and 2014/15.

❖ ***School Standards Grant (SSG)***

This grant was originally allocated by government to schools in blocks of funding per size of school e.g. in 2003/04 primary schools up to 100 pupils received £10k, up to 200 pupils received £20,000, up to 400 pupils £30,000 and up to 600 pupils £45,000 high schools up to 600 pupils received £80k and up to 1200 pupils £96,000. Special schools with up to 100 pupils received £27k. However, in more recent years, schools have received the higher of either the DfE formula or a percentage increase on the per pupil amount received in the previous year. In 2010/11 this increase was 2.1%. In 2011/12 all the standards fund grants were paid at the same amount per pupil as in 2010/11 less a 1.5% budget cut.

The DfE formula is now a £12k flat rate for primary schools and PRUs plus £120 per pupil, high schools received a flat rate of £12k plus £130 per pupil and special schools received £29k plus £130 per secondary pupil, else £120 per pupil. Special schools were subject to a £44k ceiling and PRUs a £39k ceiling.

Proposal: funding is based on the DfE formula over a three year period as follows;

Primary £12k plus £120 per pupil
High £12k plus £130 per pupil
Special £29k plus £120 per pupil
PRUs £12k plus £120 per pupil

Payment of the fixed base allocation of £12k for primary schools would be consistent with the national school funding formula proposals for a fixed base allocation for primary schools of £95k. This would be a move towards achieving this. It also represents the previous grant allocation rather than the previous per pupil payment used in 2011/12.

This basic proposal as above leaves £450k unallocated so it is suggested to move gradually over 3 years to the base DfE formula and to allocate any surplus as a percentage increase to all schools. Hence in 2012-13 schools will receive 2/3rd of their 10/11 allocation and 1/3rd of the base DfE formula plus an additional 3.5%. In 2013-14 schools will receive 2/3rd of the base DfE formula and 1/3rd of their 10/11 original and adjusted by any surplus. In 2014-15 schools will be funded solely on the DfE base formula.

Alternative: that the £4.37m paid out at £205 per pupil for all pupils /all schools. A factor of 4 could be applied to special school numbers would marginally reduce the per pupil payment

❖ **Advanced Skills Teachers (AST)**

Proposal: that from April 2015 funding will be shared out equally to all schools on a per pupil basis. Prior to April 2015 schools previously in receipt of AST funding will be funded at £6,840pa for each AST actually employed (based on 38 weeks of supply cover at £180 to provide one day per week release) as these schools must provide the AST for the one day per week for use by other schools). The balance of the funding, approx £100k will be shared equally on a per pupil basis.

Payment is being continued for schools with ASTs for three years to ensure that salary protection requirements can be met. From April 2015 schools will be able to charge for this service and no additional funding will be provided. This is consistent with the wider introduction of traded services and service level agreements across the county and also avoids complicated grant adjustments when ASTs retire, move onto new schools or otherwise cease to be ASTs through promotion etc.

❖ **School Standards Grant – Personalisation (SSGP)**

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)

Proposal: the £966k to be paid out as per LMS deprivation formula as opposed to government method of Low Prior Attainment and % free school meals (both factors in LMS formula)

❖ **Disadvantage Subsidy**

Proposal: the £0.49m is paid out using LMS deprivation formula rather than disadvantage formula (including rurality) used by extended schools team.

❖ **One to One tuition**

Proposal: the £0.7m paid out using LMS deprivation funding formula rather than government's method of bidding for funding for pupils behind their expected key stage level.

❖ **Extended Schools Sustainability**

Proposal: that the extended schools sustainability should be at a standard rate per pupil. The £0.43m paid out at standard £19.68 per pupil rather than allocated by school partnerships (potentially each partnership has different arrangements)

❖ **Primary and Secondary strategy funding**

Proposal: that the targeted secondary and primary allocations should be allocated at a standard rate per pupil for all high and primary schools rather than only those schools fortunate to continue to receive their 2010/11 allocations

- i. £0.28m of secondary targeted funding allocated to all high school (& PRU/special) pupils at £30 per pupil rather than allocated to only those schools with need in 10/11
- ii. £0.08m of targeted primary and £0.19m of universal primary funding allocated at £21.92 to all primary pupils.

- iii. £0.38m of Every child a writer/reader/counter and primary lead teacher, early years foundation and primary modern languages allocated at £31.32 per primary pupil to all primary schools

3.4 Impact of the grant review proposals

3.4.1 The impact of a three year plan for changes in the distribution of the former grants to schools is estimated to reduce the variation in per pupil as follows (to be updated prior to consultation). It is suggested that Schools Forum implement phase 1 in 12/13 and agree in principle to proceed with phases 2 and 3 in the following years subject to review by the Budget Working Group each year to ensure that the impact in the second and third years, is as expected. This will allow amendments to the plan to be considered. This is considered important given the £16m value of the former standards fund grants.

3.4.2 It is possible that special schools will lose grant funding disproportionately under these proposals due to their much smaller number of pupils. In this case consideration will be given to an additional increase in the special school per pupil funding allocations to ensure that pupils in special schools are not disadvantaged.

	11/12 Actual Grant allocation	Proposed grant review 12/13 Estimated	Proposed grant review 13/14 Est.	Proposed grant review 14/15 Est.
	£	£	£	£
Min	361	400	435	470
Average	895	810	730	641
Max	3,700	2,900	2,100	1,310
Variability (standard Deviation.)	541	410	280	166

3.5 Overall the grant review proposals

3.5.1 Overall these proposals provide for

- A flatter allocation of “per pupil” grant funding to all schools
- Recognising the fixed base allocations to smaller schools in line with proposals for the national school funding formula
- Payment to special schools is based on using a 4-fold multiple of pupil numbers for consistency with the national funding formula (Herefordshire has previously used a multiplier of 3)

- Deferral of the Excellence Cluster and school specialisms for 12 months to allow for more detailed discussions with the schools involved.

3.5.2 The Secretary of State has previously refused all applications from local authorities in 2011/12 to suspend the Minimum Funding Guarantee (MFG) and so the full cost of implementing change is almost certain to fall on the MFG. DfE are currently unable to confirm the MFG arrangements for 2012/13.

DEDICATED SCHOOLS GRANT 2012/13 – BUDGET OPTIONS

4.0 SCHOOLS BUDGET SETTLEMENT 2012/13

4.1 The Government is due to announce the schools budget settlement for 2012/13 in early December and it is anticipated that there will be no increase nationally in the per pupil allocation for DSG. Herefordshire will continue to receive the same rate as 2011/12 i.e. £4,723.65 per pupil and that the Minimum Funding Guarantee (MFG) will be set at a similar level, around -1.5%.

4.2 The pupil premium was set at £430 per “free school meals” pupil and £200 for “service children” in 2011/12. This brought an additional £1m into Herefordshire schools for the basic pupil premium and the second instalment in 2012/13 is expected to bring a further £1m to Herefordshire although the basis of the entitlement may change to “ever free meals”, i.e. will include pupils who have been eligible for free meals at any time in either the last 3 or 6 years. An announcement in December is expected. The impact of the change is likely to be that more pupils will benefit and the second instalment will be worth slightly less per pupil.

4.3 The predicted shortfall in the Herefordshire schools budget is estimated to be £1.1m as set out in paragraph 3.2 which arises from a net budget loss of £185k due to falling rolls and estimated increases in spending commitments of £901k. The budget agreed by Schools Forum in March 2011 has delivered £419k of savings in 2012/13 and further savings of £265k from charitable rates relief reducing the additional cost pressures to £401k. However, if implemented, the review of mainstreamed grants by the Budget Working Group could incur additional costs possibly upto £1.5m over three years. The proposed budget for 2012-13 would allow for first year implementation costs of up to £500k to be met from the 2012-13 budget. It is expected that the additional funding from the second year of pupil premium grant will be £1m. Offsetting the additional cost pressures and implementation costs of the grant review against the expected additional pupil premium funding will provide for a small overall increase in the School Budget of around £47k. Details of all the spending pressures are set out at paragraph 3.2.

4.4 Additional spending pressures from growth in pupil numbers, free school meals or other school budget factors (e.g. Banded funding, business rates, teachers UPS

costs) cannot be confirmed until February 2012 when final pupil census details are available. All costs will be updated prior to Schools Forum on 24th February 2012.

5.0 ESTIMATED DSG 2012/13

- 5.1 The 2012/13 DSG will be confirmed by DfE in early July 2012, this is in common with previous year's practice. An accurate estimate will be calculated based on January pupil numbers and until these are available in mid-February all budget projections are estimates and subject to revision. The final budget proposals will be agreed with Schools Forum in March 2012 and recommended to the Council for approval.
- 5.2 Based on September 2011 pupil numbers (estimated at 22,488), DSG prior to academy recoupment, is estimated as £106.225m.
- 5.3 Additionally, in 2011/12 there is an estimated academy recoupment from DSG of £110k due to the expected 21 academies that will have been established before the start of the financial year. The recoupment is determined by DfE based on the authority's expenditure on admissions, additional needs services, behaviour support and the trade union facilities agreement. Because these are services that can be purchased by academies through the Service Level Agreement (SLA) process the loss of DSG income should be offset by additional income targets for these services from academy buy-back. This will ensure that there is no extra cost to be met by the DSG as a whole. Further school transfers to academies during 2011/12 will result in additional top-slices which will be dealt with by income budgets as above.
- 5.4 Central DSG spend is estimated as £9.95m, an increase of £332k or 3.5% from 2011/12. This arises mainly from an increase due to banded funding (+£200k), CNS (+£200k) and savings from reducing the additional budget need for PRUs as the second year of PRU charges for the additional 25 hours teaching (-£78k).
- 5.5 Hence £96.8m is available for individual school budgets (plus the YPLA SEN grant of £341k plus Earl Mortimer VI form. Academy VI forms are funded directly by the YPLA).

6.0 BUDGET STRATEGY 2012/13 and beyond

- 6.1 School Forum's Budget Working Group (BWG) has developed a budget strategy in accordance with the principles adopted by Schools Forum and set out in section 3 of this budget consultation paper. The additional cost pressures, identified at £0.5m, and the first year implementation cost of £0.5m for the implementation of the first phase of the mainstream grants review, could be funded from savings of £1m in social deprivation and personalised learning (which are offset by the equivalent £1m increase in the pupil premium in 2012/13).

- 6.2 The proposals changing the allocation of the mainstreamed grants allow some opportunities to simplify the formula for small schools protection and take some initial steps in bringing into line with the proposed national school funding formula i.e. a fixed base allocation of around £95,000 for all primary schools in order to cover fixed costs. This strategy was approved by Schools Forum on 23rd September 2011 as the basis for consultation with schools and PVI nursery providers.
- 6.3 Following the schools budget settlement, expected in early December, the Budget Working Group will assess whether the budget strategy needs to be amended and whether any further consultation with schools and PVIs is necessary. In broad terms the BWG has attempted to set a level of budget cuts to match the expected increase in the pupil premium as follows;
- Social Deprivation -£500k
 - Personalised Learning -£500k
 - Central Budgets etc -£100k
 - Remove PRU one-off funding -£78k
- Changes to small schools protection are proposed reducing the overall cost by £100k but changing the pupil thresholds to ensure that the protection paid to the smallest schools remains at the same levels to 2011/12.
- 6.4 Schools Forum has set up a small working group to consider whether proposals to delegate Band 3 and Band 4 funding can be developed which would give schools greater responsibility for meeting SEN funding requirements from within their delegated funds. Detailed proposals are set out in section 9.
- 6.5 The budget strategy requires further savings in central DSG funded services
- 6.6 The Minimum Funding Guarantee will provide protection to schools so that the full value of the proposed reductions in school budgets will not be realised in 2012/13. For example, a cut of £250k to small schools protection only saves £121k due to increases in the protection to individual schools offered by the MFG. It does have the advantage that in future years the protection will be gradually phased out over a number of years and that further savings will be released in 2012/13 and 2013/14.

7.0 BUDGET CONSULTATION TIMESCALES

- 7.1 The budget process and timeline is:
- The BWG's proposals for 2012/13 to be considered and amended/approved by Schools Forum on 23rd September for consultation with schools and PVI nursery providers during the autumn term.

- Responses to the budget consultation due by 11th November and to be considered by Schools Forum on 8th December.
- DSG settlement and outcome of national school funding formula consultation announced by DfE in early December.
- BWG to meet w/c 12th December consider whether any change to the budget strategy is required following the DfE announcement and if so, approve a brief supplementary consultation to be returned by the 31st January.
- The BWG would then meet in early February to consider the responses from schools and draw up final budget proposals for Schools Forum on the 24th February 2012.
- Schools Forum on 24th February to recommend a final budget to the Cabinet Member for Corporate Service and Education for final approval in mid-March.

8.0 BUDGET OPTIONS

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

9.0 PROPOSED CHANGES IN SCHOOL BUDGETS

9.1 The £1.0m shortfall could be funded by a range of options as set out below

A IMPLEMENT PHASE ONE OF THE GRANTS REVIEW AT A COST OF £500k

9.2 To consider in principle whether schools wish to proceed with the grants review or alternatively not to and to reduce the budget reductions set out below e.g. to reduce the reductions in social deprivation funding by £500k.

	Yes	No
Do you support the proposed grants review over a three year period		

B REDUCE SMALL SCHOOLS PROTECTION BY A FURTHER £100k (10% on 10/11 budgets)

9.3 To consider whether the basis of small schools protection in Herefordshire should be changed or reduced in light of the proposals in the national school funding formula that small schools protection will only apply to primary schools through a fixed lump sum of £95,000 to cover fixed costs.

Options to be considered by BWG could be as follows:

- 9.4 Overall a further £100k reduction (equivalent to 10% on the original 10/11 budgets) in small schools protection. After the MFG protection savings of £70k are achieved.
- Either by reducing the threshold for payment to 600 pupils for high schools (down from 655) and reducing the primary threshold to 175 pupils (down from 200) ensures that the protection paid to the smallest primary and high schools remains at the 2011/12 levels whilst reducing or removing to those schools above or near the pupil thresholds. These proposals reduce the number of schools receiving protection and ensure the smallest schools are protected at the same level as last year.
 - Or alternatively a cash reduction of £100k could be applied equally to all primary and high schools which would reduce the protection from all schools equally,

SMALL SCHOOLS PROTECTION	2011/12 BUDGET £'000	2012/13 PROPOSED £'000	REDUCTION £'000
Primary	547	476	-71
High	228	198	-30
TOTAL	775	674	-101

C SOCIAL DEPRIVATION - REDUCE BY £500K

- 9.5 The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2012/13 to £233k. The reduction in social deprivation funding will be offset by additional pupil premium grant in 2012/13.

SOCIAL DEPRIVATION FACTORS	2011/12 BUDGET £'000	2012/13 PROPOSED £'000	REDUCTION £'000
Primary	486	180	-306
High	311	117	-194
TOTAL	797	297	-500

D REDUCE PERSONALISED LEARNING BY £500K

- 9.6 The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2012/13 to £168k. The reduction in personalised learning funding will be offset by additional pupil premium grant in 2012/13. Note: there is an additional £1.5m personalised learning paid on a low prior attainment factor which is categorised as SEN funding. The reduction in personalised learning funding will be offset by additional pupil premium grant in 2012/13.

PERSONALISED LEARNING (EXCLUDING SEN)	2011/12 BUDGET £'000	2012/13 PROPOSED £'000	REDUCTION £'000
Primary	362	172	-190
High	592	282	-310
TOTAL	954	454	-500

E MAINSTREAM GRANTS REVIEW

- 9.7 Implement the initial first year of the grant funding review at a cost of MFG £500k in 2012/13 as set out in the table below

MAINSTREAM GRANTS REVIEW IMPLEMENTATION IN	2012/13	2013/14	2014/15
School Development Grant (basic)	1/3	1/3	1/3
Excellence cluster		1/2	1/2
Lunch grant	Yes		
Specialisms		1/2	1/2
School Standards Grant	1/3	1/3	1/3
Advanced Skills Teachers	Lower payment	Lower payment	Lower payment
School Standards Grant (Personalisation)	Yes		
Disadvantage Subsidy	Yes		
One to One tuition	Yes		
Extended Schools Sustainability	Yes		
Primary and Secondary strategy funding	yes		

F PER PUPIL REDUCTIONS BY 0.25% or £6 per pupil to save £125k

- 9.8 Any further savings required in the schools budget can only be made by reducing the “per pupil” unit of funding. This will reduce the funding for all schools pro-rata to pupil numbers. For example a reduction of 0.25% will reduce primary school funding by £6 per pupil, high schools by £8 per pupil and special schools by an average £43 per pupil and will save approx £125k.
- 9.9 Due to the proposed delegation of additional funding for Band 3 & 4 it is not expected that there will be a cost on the Minimum Funding Guarantee.

G DELEGATION OF BAND 3 & BAND 4 for High schools and BAND 3 for primary schools

- 9.10 Schools Forum established a task and finish group to consider whether a sound basis for further delegation of banded funding could be developed in the view of the continued increasing applications for funding. Such proposals would significantly reduce the unnecessary cost of the administrative and professional time incurred by both schools and central staff in preparing and considering funding applications. Such an approach is also consistent with giving greater flexibility to head teachers to allocate their funding as they consider best.
- 9.11 The group consider that funding for both Band 3 and Band 4 special needs can be delegated to high schools but also wished to retain an option for centrally retaining the additional top-up funding for Band 4 equivalent to £4,150 per Band 4 pupil (i.e. £11,500 Band 4 funding less £7,350 Band 3 funding at 11/12 costs). In 2009/10, there were 85 pupils allocated Band 3 funding and a further 38 pupils allocated Band 4 funding. High schools have large delegated budgets and will be able to absorb any relatively small variation between the cost of meeting the needs of such pupils and the value of the additional delegated funding. It is inevitable that such variation will occur from year to year as individual pupils move on from school such changes are reflected in the formula funding. Headteachers will be able to plan SEN support at the start of each financial year based on known funding allocations.
- 9.12 The large number of small primary schools requires a different approach as their budgets are much smaller and most primary schools will be unable to manage the additional costs of new in-year pupils with Band 3 or Band 4 SEN. It is proposed that the current system of in-year applications will be retained for Band 4 primary pupils. Larger primary schools have budgets that are greater than the smallest high schools and should be able to manage the costs of Band 3 pupils from delegated funds. It is proposed to delegate Band 3 funding to primary schools on a sliding scale so that the largest primary schools with over 300 pupils, which are comparable to the smallest high schools, should receive 100% delegation by formula and the smallest

primary schools would receive 10% delegation by formula and 90% of actual cost. In this way the smallest primary schools will still be able to provide for the needs of Band 3 children by being funded at 90% of actual cost and 10% by formula. The sliding scale is as follows;

Band 3 proposals for Primary schools	Percentage Delegated by Formula	Percentage funded at actual cost
300 Pupils or more	100%	0%
150 to 299 pupils	75%	25%
100 to 149 pupils	50%	50%
75-99 pupils	25%	75%
Less than 75 pupils	10%	90%

Comments will be sought from schools as to whether there should be more than five pupil blocks in the above sliding scale and whether the percentage change should be less than 25% between blocks.

The sliding scale will apply to all band 3 SEN children in primary schools both those in school at the start of the financial year and most importantly new applications during the year. For example, as now, a school will be given funding for a Band 3 SEN pupil in school prior to the start of the financial year (the cut off date is end of February) in their budget in April. For a 200 pupil primary school, in line with the table above, 75% will be delegated by formula and only 25% based on actual cost. For new in-year applications to the banded funding panel only 25% of the actual cost will be granted as the other 75% is already included in the school's delegated formula funding. For a 50 pupil primary school, 90% of the actual cost will be granted as 10% is already in the school's delegated funding. Headteachers will be aware of the needs of the pupils in their schools and will be able to allocate the delegated SEN budget for existing pupils whilst retaining a contingency for potential new pupils. In many cases, the needs of pupils are known and can be anticipated well in advance of application to the banded funding panel. School balances have increased in 2011/12 and can be used to provide for such contingencies.

- 9.13 In order to determine the amounts for the delegation described above in 9.15, it is proposed to use the existing Band 1 and Band 2 delegation formula, which has been in operation from April 2009. This has been successful, and will be updated to meet the actual costs of Bands 3 and 4 in 2011/12, however these will not be known until February 2012. No complaints have been received from schools about the adequacy of the existing formula or the use of actual banded funding costs. Delegation models using 2009/10 banded funding applications and costs demonstrate a good fit between the proposed delegation method and actual costs and are set out in the Appendix (to follow – see section 12).

9.14 Separate arrangements, to be agreed with the school, will be put in place to meet the higher numbers of Band 3 and Band 4 pupils at the Kielder Centre. Such costs are estimated at £184k for full delegation of Band 3 and 4 and the lesser amount of £150k if the option for the central retention of the Band 4 top-up funding is preferred.

9.15 The delegation by formula of the Band 3 and Band 4 will be covered by The Minimum Funding Guarantee (MFG) and so schools that are already protected by the MFG may not receive the full allocation of delegated funding in 12/13 - in a similar manner to the newly delegated SEN support services in 11/12. It is estimated that the cost of the MFG is reduced by £150k.

10. NON SCHOOLS EXPENDITURE

H PVI NURSERY FUNDING FORMULA -XX% REDUCTION EQUIVALENT TO £YYK

10.1 In 2010/11 a reduction of 2% in the budget of £3,594k was agreed by Schools Forum. Benchmarking data from DfE to be added when available before distribution to schools & PVIs. Benchmarking data analysis to be provided from the early years team.

11. NON SCHOOLS EXPENDITURE – CENTRAL SERVICES

J CENTRAL DSG SAVINGS AT 3% or £172k

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

	2011/12 BUDGET £'000	ADJUSTMENT £'000	2012/13 PROPOSED £'000	NOTES
Absences/TU facilities	73	-2	71	To ensure minimum service consistent with legal requirements
Casework	81	-2	79	-3%
Excluded Pupils	-46	0	-46	Excluded from -3% cut because demand led budget

	2011/12 BUDGET £'000	ADJUSTMENT £'000	2012/13 PROPOSED £'000	NOTES
Complex Needs	1,835	0	1835	Assess 12/13 budget need in Early Sept
Early Years	309	-9	300	-3%
Recharges	346	-10	336	-3%
PRUs	916+78	-78 -27	891	2 nd year income phased in so additional budget not needed but 3% cut applied
Recoupment	24	0	24	Excluded from -3% cut budget reduced by £70k in 11/12
Additional Needs services	1,169	-35	1,134	-3%
Admissions & School Planning	161	-5	156	-3%
Travellers	124	-4	120	-3%
LMS Review	12		12	Agreed by Forum subject to available funding
TOTAL		-172		

11.2 The -3% budget reduction has been applied equally to services funded by DSG to achieve savings of £94k. Additionally the one-off £78k allocated to the 25 hour teaching time in PRUs in 11/12 is withdrawn as the PRU charges will be extended to both years from 2012/13 bring in additional income of £156k. Savings may vary between services but in practice will total 3%.

12. IMPACT ON SCHOOL BUDGETS

- 12.1 The Appendix (to be completed when Sept pupil numbers are available) sets out the estimated impact on individual school budgets of implementing this package of budget cuts. The table includes all schools and shows the estimated 2012/13 budgets pre- and post the proposed budget reductions. The additional funding from the pupil premium has been included to give the overall impact of these proposals.
- 12.2 Comparisons with the 2011/12 budget are more difficult to assess for an individual school due to other budget changes from rising from pupil numbers, SEN funding and class size grant for primary schools. There will be further budget amendments when final pupil numbers are available from the January pupil census.

13. RISKS - ADDITIONAL BUDGET PRESSURES

- 13.1 There is a significant risk that the initial budget estimates will need to be revised after the consultation has closed as further information becomes available during the autumn term. The following provides a summary of the likelihood of potential adjustment. It is hoped that any such adjustments can be contained in the proposed budget strategy. If not and the changes are significant then a supplementary consultation may be required. Frequently additional budget pressures are offset by unexpected savings elsewhere.

<i>BUDGET PRESSURE</i>	<i>RISK of Significant additional cost</i>
Unexpected impact of schools funding settlement in December 2011 or national schools funding formula proposals	High
Complex Needs – increasing pupils requiring out county placements?- projection for 12/13?	High
Standards fund missing instalment - further info?	High
Budget reductions due to less DSG income from falling pupil numbers	Medium
Increasing demand for special school places/ enhanced funding needs in 12/13?	Medium
Any changes to Band 3 & Band 4 delegation proposals re extra accost of protection etc?	Medium
Losses from schools closing with a deficit	Medium
Estimates for additional costs for Kielder Centre at Bishop's is insufficient	Low
Update re for PRU extra teaching hours to meet statutory 25 hours teaching requirement	Low
TOTAL	Low

14. SAVINGS OPTIONS - SUMMARY

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

	DESCRIPTION	SAVINGS £'000	IMPACT	RISK
A	Implement phase one of grants review		Phasing change over three years will reduce the impact	Medium
B	Reduce small schools protection by £100k	70	Reducing the threshold for payment to 600 for high schools and 175 for primary schools maintains the protection paid to the smallest schools whilst reducing the overall cost.	Medium
C	Reduce social deprivation by £500k	233	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium.	Low
D	Reduce Personalised Learning (excluding SEN) £500k	168	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium	Low
E	Detailed proposals on grant by grant basis arising from mainstreamed grants review		Impact will be different for each grant	Various
F	Reduce schools "per pupil funding" by 0.25%	125	Each 0.25 Reduces budgets of primary schools by £6 per pupil, high schools by £8 per pupil and in special schools by £43 per pupil in proportion to pupil numbers	Low
G	Delegate Band 3 and Band 4 SEN	150	Reducing the cost of the MFG means that schools with protected funding will not receive the full budget for SEN.	High
H	Reduce PVI nursery formula funding by ??		Will impact on smaller and more rural nurseries. LA may incur additional set up costs for replacement providers.	Medium
J	Reduce central DSG by -3%	172	Reduces central services to schools e.g. will reduce additional needs service by 0.6 FTE teacher impacting on services to schools and pupils.	Medium
	TOTAL	918		

CONSULTATION RESPONSES BY 11TH NOVEMBER 2011

A separate consultation form is attached and must be returned to malcolm.green@herefordshire.gov.uk by 11th November 2011 in order that your views can be considered by Schools Forum at their meeting in December.

MEETING:	SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	SCHOOL FUNDING REFORM
OFFICER:	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To inform Schools Forum of the consultation on the national school funding reform and to seek comments on the proposed consultation response prior to submission.

Recommendation

THAT: Schools Forum comments on the draft response to the consultation paper as appropriate and approves for submission to the Department for Education.

Key Points Summary

The consultation paper sets out the Department for Education's (DfE) proposals for school funding from 2013/14 in the following broad headings

- The national funding system
- The schools block system
- The Formula
- Central services and defining responsibilities
- Future Arrangements for Local Authority Central Services Equivalent Grant (LACSEG)
- Children and young people requiring high levels of support
- Constructing the High Needs Block for local authorities
- Early Years

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

- Pupil Premium
- Timing for Implementation

Alternative Options

1. No alternative options or projects have been identified at this stage. Further consultation is expected prior to implementation.

Reasons for Recommendations

2. The recommendations ensure that the views of Herefordshire are considered by the DfE as the schools funding reforms are developed.

Introduction and Background

3. On 13 April 2011 the DfE published their *Consultation on School Funding Reform: Rationale and Principles* document, outlining the reasons why change is needed – not least the lack of transparency and complexity of the current system. This second consultation was launched on 19 July 2011 and can be found on the website. The closing date for responses is 11 October 2011.
4. The DfE want a system where the funding is transparent, where funding follows pupils and where pupils with additional needs attract additional funding. The aim is that similar schools with similar pupil needs should be funded in broadly the same way.
5. Changes will mean that funding moves between areas and schools so there will be some transitional measures in place to ensure stability. The current system will remain in place for 2012/13 [at least] to give Academies, schools and local authorities time to plan. There will, however, be a “shadow 2012/13 settlement” showing the potential impact of the reforms.
6. The new funding formula will be in the format of:
 - A basic amount per pupil;
 - Additional funding for deprivation;
 - Additional funding for small schools;
 - An area cost adjustment; and
 - Possibly additional funding for pupils for who have English as an additional language (EAL).
7. This formula will distribute money to the local authority, who will then, with the Schools Forum distribute it amongst the area’s schools. The formula could also be used when funding Academies – it is a Government principle that Academies are funded fairly in relation to maintained schools. Schools wishing to convert to Academy status should neither be incentivised nor put off by the financial implications
8. The consultation also examines:
 - Whether the formula should use school-level or local authority-level data
 - The possibility of restricting the elements of the local formulae;
 - Improving the role of the Schools Forum;
 - Changing the way that Academies’ budgets are calculated;

- How Free Schools, University Technical Colleges (UTCs) and Studio Schools should be funded until all schools can be funded on the same methodology;
- Funding for high needs pupils;
- Early Years funding; and
- Keeping the Pupil Premium separate for at least this SR period and extending it to include pupils eligible for Free Schools Meals (FSMs).

Key Considerations

9. A short summary of the DfE consultation paper has been prepared by the Society of County Treasurers and is set out below as an alternative to reading the full DfE consultation which including annexes runs to 84 pages. Full details of the consultation are available on the DfE's website as follows

<http://www.education.gov.uk/consultations/index.cfm?action=consultationDetails&consultationId=1765&external=no&menu=1>

The national funding system

10. DSG currently covers funding for schools, early years provision, high need pupils and central services – the funding is all grouped together under the Guaranteed Unit of Funding (GUF) per pupil. The future DSG will fund the following four blocks (although later in the consultation paper a 5th block is introduced covering funding which comes from the DCLG):
- Early Years;
 - Schools;
 - High Need Pupils; and
 - Services which are not suitable for delegation.
11. DSG will continue to be ring-fenced, but not the four blocks within it. There will be the following two restrictions:
- Money retained centrally, including for high need pupils, must not increase faster than the schools' budget, without approval from the Forum; and
 - The minimum funding guarantee.
12. Over time the DfE want to move towards a formulaic approach to calculating each block but the starting position will be authorities' 2012/13 budgets.
13. There are two ways in which the DfE are considering allocating the schools block – either based on the schools in the area and the pupils within those schools (“school level”) or based solely on the pupils within the area (“local authority-level”).
- Under the “school level” option, DfE would calculate a notional budget for each school and authorities would receive the sum of the schools in their area. Schools would be able to see their notional allocation, although the authority and Forum could choose to calculate a different allocation.
 - Under the “local authority level” option, DfE would simply calculate a budget for the entire area based on the pupils within it.

14. Any formula for the Early Years will be based on the numbers receiving free early education. A formula for High Need Pupils will be based on resident pupils within the authority.

The schools block – system

15. Currently local authorities are able to allocate money between schools on the basis of:
- A basic amount per pupil;
 - Deprivation;
 - Special Educational Needs (SEN);
 - Underperforming Ethnic Groups;
 - English as an Additional Language (EAL);
 - Poor attainment;
 - Turnover of pupils;
 - Admission arrangements;
 - Premises and grounds;
 - Rates, tax and insurance;
 - Teacher salaries;
 - Gifted and talented;
 - School size;
 - Special Facilities; and
 - PFI
16. To achieve their aim of a comparable funding system the DfE want to rationalise this list, providing greater consistency in funding across the country. The DfE would limit the degree to which local authorities can diverge from the national formula. The local formulae could include:
- Basic amount per pupil
 - Funding for additional educational needs (deprivation, SEN)
 - Rates
 - Exception site factors (e.g. split sites, PFI, Rent)
 - Lump sums for schools
17. The DfE are also planning to consult (in the future) about ways to limit the amounts of cash going through different parts of the formula.
18. Currently local authorities are able to vary the weight of funding between primary and secondary pupils but the consultation paper proposes removing this freedom and fixing the ratio of primary to secondary funding. However, the DfE recognise the turbulence this would cause so instead are proposing to allow authorities to set their own ratios within a certain limit.
19. The DfE are also proposing to require each local authority to complete a pro-forma which will set out how much funding has been distributed through each of the factors, listed above.

Academies

20. Even though Academies receive their funding from Central Government they still receive the amount that they would have got under local authority control. There are two options being discussed:
- i) Authorities calculate budgets for all schools in the area and then tell the Education Funding Agency (EFA) how much Academies should be paid.

- ii) Using the pro-forma (described above) the EFA calculate the Academy's budget – this is more inline with the current method where the Young People's Learning Agency (YPLA) calculate budgets.
21. Currently the local formula is developed by the local authority in consultation with the Schools Forum, but the Forum has no power to either approve or disapprove a system. In reality the authority will usually go with the majority vote – but this could be ignoring the interests of minorities, who may not be members of the Forum. Therefore the DfE are considering:
 - Whether the three groups on the Forum: primary maintained, secondary maintained and Academies each need to approve the formulae separately.
 - Whether the Forum should have decision-making powers to approve or disapprove formula/allocations.
 22. The DfE also want the EFA to provide “*scrutiny and challenge at a national level*” by fulfilling two roles:
 - 1) Checking compliance of the formulae
 - 2) A review body to examine decisions taken by the local authority that schools and Academies feel were unfair.
 23. These may need primary legislation, so may be introduced informally in 2013-14 and made statutory later.
 24. Although eventually DfE would like to see Free Schools funded in the same way as Academies, for the remainder of the Spending Review period they propose to keep the current Free Schools formula.
 25. New University Technical Colleges and studio schools will be funded as Free Schools. As is the case for sixth forms, their pre and post 16 provision will be funded separately. Free Schools will also receive LACSEG (Local Authority Central Services Equivalent Grant).
 26. The exception to this is when a Studio School is within another institution such as a maintained school. In this case, the Studio School will need to be funded from within the institution's budget.

The Formula

27. The DfE openly admit that a national formula cannot recognise every possible need in an individual school; instead it should include factors which reflect the main costs faced by schools.
28. The DfE are proposing a formula consisting of:
 - A basic per-pupil entitlement;
 - Additional funding for deprived pupils;
 - Protection for small schools; and
 - Area Cost Adjustment (ACA)
29. The department are also considering whether to include additional funding for 'English as an Additional Language' (EAL) pupils. There are no proposals to reflect specific school factors

(split sites, PFI etc...). It will be up to local authorities and their Schools Forum to decide how to allocate funding between schools.

The Basic Entitlement

30. The amount will vary by age (secondary pupils will receive more funding than primary pupils) but the amounts will only be decided once the balance between all the formula elements has been agreed. There are no proposals to use Activity-Led Funding (ALF).

Deprivation

31. The new system not only needs to reflect the current resources in the system for deprived pupils but also the Pupil Premium. The new system will distribute the deprivation funding already in the system in a fair and transparent way. The Pupil Premium will be in addition to this.
32. The DfE will examine how much funding is currently allocated on deprivation and use this to inform future decisions as the more funding is distributed to deprivation the less there will be for the basic amount.
33. The longer term aim is to distribute all deprivation funding through the Pupil Premium (using a Free School Meals indicator), but until that time the paper examines the potential indicators which could be used. Schools Forums are free to use their own measures of deprivation in their area.

Options include:

- **Free School Meals (FSM)**
 - **Ever FSM** – pupils who have claimed FSM in the last three years/six years (Ever3/Ever6);
 - **Benefits data** – an area based deprivation measure; or
 - **Income deprivation affecting children** – each Lower Super Output Area (LSOA) (LSOA = approx 1500 people) is given a score showing the percentage of children aged 16 or less in deprived families.
34. The DfE will also examine the possible use of the Universal Credit.
 35. The paper highlights the fact that small schools often face higher unit costs. The Government want to protect these primary schools against closure (there will be no protection for small secondary schools) and ask whether the protection should be calculated at a school or local authority level. The options are either:
 - Fixed lump sum (for school-level or local authority-level formula); or
 - A sparsity measure (LA Level formula only)
 36. The fixed lump sum (possibly £95,000) would be paid to all primary schools – but for a small school it would represent a bigger portion of their budget.
 37. If the decision was made to use sparsity then the DfE are proposing that rather than use Census data they would instead use the Schools Census to give a 'sparsity of pupils' measure. The paper also proposes to use Middle Super Output Areas (MSOA) and not wards.
 38. There is also a proposal to narrow the bands for which authorities become eligible for the sparsity funding. The band could be narrowed from over 1 million pupils now to around 300,000 and around 1/3 of local authorities.

The Area Cost Adjustment (ACA)

39. The formula underlying the DSG uses an ACA derived using the General Labour Market (GLM) approach but this has resulted in greater funding being allocated to London and the M4 corridor. However, since teachers have a national pay scale, their salaries are not entirely market-driven.
40. There is another option of using a Specific Cost approach – using the actual cost of recruiting and employing staff. However, data can be patchy and insufficient.
41. The third option is to use Specific Costs for funding spent on teachers and the GLM approach for the proportion spent on other staff.

English as an Additional Language and Underperforming Ethnic Groups

42. Most pupils who require additional support are covered in the deprivation funding.
43. Analysis of underachievement shows that sometimes pupils who cannot initially speak English require some additional support until they become familiar with the language. Since this support is generally only required for a few years the DfE are proposing limiting the funding so it covers either the first three or five years

Transitional Arrangements

44. The DfE have already applied a Minimum Funding Guarantee (MFG) for the financial year – meaning no school will receive a drop of more than 1.5% per pupil. If this were to continue then progress to a new formula would be very slow. The proposal is to reduce the MFG so that schools move towards the new funding formula more quickly.

Central services and defining responsibilities

45. The paper has already highlighted the four blocks that future DSG will fund (Schools, Early Years, High Needs and Central Services). In addition to these there will be the funding from DCLG – making up block 5. Further information about the responsibilities of each of these blocks can be found in Chapter 4 of the Consultation Paper.
46. In the schools block there are proposals that some school services could be retained centrally, for maintained schools.
47. Block 5(a) represents the DCLG funding for services which must be done or paid for by the local authority. These are services which remain local authority responsibilities for Academies and schools and the pupils in them. For example: Home to School Transport. This funding will not be delegated to schools or Academies.
48. Block 5(b) represents services which must be done by the local authority for the maintained schools, but would be within Academies' budgets. The functions are broadly equivalent to those covered by the LACSEG budget element.
49. The cost of each block would be calculated from Section 251 statements. In cases where budget lines cover two or more blocks the DfE will consult with local authorities as to how this should be calculated. So in 2013-14 the blocks would be costed using the 2012-13 Section 251 statements and constrained to fit the national total resources for schools in 2013-14.

Future Arrangements for Local Authority Central Services Equivalent Grant (LACSEG)

50. LACSEG currently has two elements – the Schools Budget and the local authority budget. The

DfE want to treat these two parts separately in the future.

51. The DfE want to move away from having a Schools Budget LACSEG, instead funding would be delegated to schools and Academies as part of their local or national schools budget share. They also want Academies to receive a fair proportion of the funding for contingencies and schools in financial difficulties.
52. If we were to move toward the “school-level formula” for DSG then the Schools budget LACSEG funding would be included within the national total to be allocated. Local de-delegation could still be an option or local authorities could offer a buy-back service instead.
53. Under the “local authority-level formula” the DfE would require local authorities to calculate a formula allocation for all services which are currently centrally funded. Academies would then receive this allocation as part of their delegated school budget. Maintained schools would be able to collectively opt for de-delegation.
54. With regard to the local authority budget element of LACSEG, the consultation paper proposes distributing this funding to Academies on a formulaic basis, rather than using section 251 returns. The current maintained schools element (which is distributed through Formula Grant) has a formula with per-pupil amount, deprivation and ACA. The funding for Academies could, but wouldn’t have to, mirror this method. For example, it could just have a simple per-pupil amount with deprivation.
55. In the current 2011-12 and 2012-13 settlements the LACSEG transfer for new Academies has already been made¹, but has been calculated pro-rata to total Formula Grant as the pattern of Academies opening was unpredictable. This method provided certainty but it would be possible to have a fairer system in place which would be at the expense of certainty. This new system would involve more regular and variable transfers following the pattern of actual numbers, location and size of Academies.

Children and young people requiring high levels of support

56. These children and young people are a subset of children with SEN, post-school learners with learning difficulties and disabilities (LD/D) and those requiring Alternative Provision (AP). The consultation paper is concerned with those where the costs exceed £10,000 per annum. Pre-16, there are 22,000 of them and on average they cost four to five times the amount of a mainstream pupil. This review is only concerned with the pre-16 pupils.
57. Where the consultation refers to the commissioning body, that would, in most cases be the local authority, but it could also be individuals holding a budget – as this is one option for SEN being examined in the Green Paper.
58. Principles for funding children and young people with high needs can be found in full on page 29 of the consultation but can be summarised as follows:
 - Funding should meet the needs of the child/YP as well as being used efficiently and to best effect;
 - Where possible the parents’ preferences should be followed when placing the child/YP, with some protection offered to institutions where not all places are filled.
 - Funding will be reviewed and will change with need;

¹ Although, this is being consulted on alongside this paper.

- Contributions should also be made from other services where the child/YP has health or social care needs, but the commissioning body should meet the cost of education provision.
 - The system of allocating resources should be open and transparent and the outcomes should be monitored for effectiveness.
 - Pupil Premium and Post-16 disadvantage funding is additional to all other sums allocated.
59. It is Government's aim to switch the role of local authorities from provider to commissioner of high needs services. The current system creates incentives for local authorities to place high need pupils in one provider rather than with another. For example:
- There will be minimal costs for placing a pupil within maintained school or Pupil Referral Unit (PRU) as it may already be funding the empty place;
 - Placing a child in a mainstream school means that the school has to contribute to the costs from its own existing budget;
 - Costs will be highest when placing a pupil within a non-maintained special school or one maintained by another authority;
 - Placing pupils at a post-16 Specialist Provider means that the YPLA (Young People's Learning Agency) fund the provision.
60. To remove these incentives the DfE want to enable high need institutions to be given a basic sum per place or per pupil with top-up funding from the commissioner for individual pupils.
61. In any future funding system there will be a distinction at the national level between mainstream funding for schools and the High Needs Pupils block. To do this, the DfE will need to make a general assumption about the notional funding for low cost SEN within mainstream funding blocks and therefore the level beyond which the local authority would be expected to make additional funding available to schools and other providers. Despite this national threshold there will still be the freedom for local authorities to vary the way in which they operated.
62. It is proposed that the threshold be set at £10,000 - £4,000 for basic pupil amount plus £6,000 for additional needs. To avoid the incentive for local authorities to place all children in maintained schools the DfE are proposing to give special schools and units base funding to reflect this additional £6,000. The consultation paper says that they believe that all special schools are funded to at least this level now but that the same is not true of AP.
63. Funding above the £10,000 base level would be determined on a basis of pupil needs and paid to the institution providing the place. This would create a level playing field for all institutions.
64. There is currently a divide between pre and post-16 with three pots of funding available post-16, each with different rules attached. Learners will experience different levels of funding for the same need depending on where they live.
65. The Young Peoples' Learning Agency (YPLA) is working towards providing local authorities for a single budget for high needs learners with SEN or LD/D up to the age of 25 from 2013-14 onwards. The suggestion is that the YPLA develop three "building blocks" to pay for places for high needs learners:
1. Post-16 revised national funding formula to cover learners attracting lower level support. To be paid by the local authority to maintained providers, and by the EFA to non-maintained providers.
 2. A baseline budget of £10,000 for high needs students paid directly to providers.

3. High level costs (above £10,000) to be transferred from the EFA to local authorities who then pay the providers (or the EFA could be directed to pay by the local authority).

Funding by places or pupil numbers

66. Traditionally institutions providing for high need pupils have been funded on planned places. The DfE want to consult on whether this should continue or funding should be per-pupil instead.
67. The argument for funding based on places is that provision of this cost and complexity cannot be switched off and on. Institutions are often expected to work to a tolerance above the planned number without additional funding, in return for being “over funded” when places are empty.
68. Funding by pupil numbers would give schools more incentive to fill their places but there is a risk that a school could get into financial difficulty if places remain empty.
69. The paper lays out four options:
 - a) Continue funding places in the short term but declare an aim of moving to fund actual numbers over time.
 - b) Fund according to places, but reduce the number of funded places if there are a high proportion of unfilled places over a certain period.
 - c) Fund large providers on pupil numbers and small schools on a planned place basis.
 - d) Give the base funding of £10,000 per place while only giving additional funding for actual pupils

Funding special and AP Academies and Free Schools

70. The consultation paper looks at the funding for the short-term (2011-12 and 2012-13).
71. **Short-term:** For Special Academies (opening in Sept 2011) funding will be based on the budget they already had from their local authority for 2011-12 plus the additional funding they require as an Academy. The Local Authority will need to continue to recoup the money from other authorities who send their pupils to the Academy and the Department will recoup the whole budget from the authority where the Academy is located.
72. Funding for Special Free Schools, AP Academies and AP Free Schools (from Sept 2012) will be more difficult to calculate. The DfE propose to deal with this by getting a group of experts together to consider the costing in Free School proposals.
73. **Longer-term:** The DfE see three routes by which funding could reach Special and AP Academies and Free Schools:
 - a) Entirely through the EFA (as with most funding for mainstream Academies and Free Schools)
 - b) Entirely from the commissioner (in most cases the local authority but for some AP could be a school)
 - c) A combination of the two – with EFA paying for the £10,000 basic and the commissioner paying the top-up.

74. The DfE favour option C.

Constructing the High Needs Block for local authorities

75. As mentioned earlier in the paper the DfE will create a 5-block model, with one block used to determine funding for High Need pupils. Previous formulae have used resident child population with deprivation top-up measures. Since then spending on High Needs Pupils has grown rapidly so the new block will need to be considerably bigger.
76. Recent research has indicated that the link with high needs and deprivation no longer stands as the pattern of high need pupils appears to be more random now. Investigative work has shown that DLA claimants aged under 16 and population aged 3-15 are now better indicators, although the DfE's paper does suggest that a small deprivation measure could remain in the formula.
77. Pupils in Pupil Referral Units (PRUs) are best predicted by the youth population size and deprivation. In both cases the analysis has compared the indicators with local authorities' 2010-11 spend on high need pupils.
78. Therefore the DfE suggest a formula which uses the relevant population age group, and the rate of DLA claimants under 16. Once 2011-12 data is available this analysis will be revisited.
79. The paper goes on to say that because of the random distribution of high need pupils it will be unlikely that the formula will provide a close match with current spending. Because of this the DfE are proposing to damp allocations to avoid instability.
80. The paper moves on to look at the issue of post-16 funding. In principle this funding should go to the local authority whose responsibility it is to ensure provision for these young people. However, authorities are concerned that there will not be adequate funding, whilst providers are concerned that they will see a reduction in placements because of the costs involved for the local authority. Because of this the DfE are considering transitional arrangements.

Early Years

81. Currently the free entitlement of 15 hours a week early years education for three and four year olds comes via the Early Years Single Funding Formula (EYSFF) as part of the DSG. The EYSFF was intended to be simple but many providers have said they struggle to understand their allocations. This is down to the authorities operating supplements for deprivation, flexibility and quality of provision in addition to banding. Hence, the DfE would like to make EYSFF simpler.
82. Authorities are required to operate a deprivation supplement in the EYSFF to tackle disadvantage, however the paper states that there is considerable variation in how the supplement operates. The DfE are examining a number of options:
- Identify centrally the value of the deprivation supplement
 - Seek greater consistency in setting the eligibility criteria
 - Focus resources at a setting-level rather than pupil-level.
83. The DfE's paper is also concerned with the distribution of Early Years funding to authorities and suggests the use of a formula, rather than a spend-plus model. Again they are proposing damping to reduce turbulence.

84. The introduction of the EYSFF has been a major advance in transparency – allowing providers to see how their allocations are calculated and comparing them with other authorities. The DfE are looking at ways they can make the EYSFF more transparent by:
- Making the information available on their website;
 - Benchmarking EYSFF rates; and
 - Developing a pro-forma for authorities to complete and publish, explaining their formula and how supplements are set.

Pupil Premium

85. From 2012-13 the amount and the number of pupils who will attract the premium will increase. Currently FSM is used as the only pupil-level measure of deprivation, but it is generally accepted to under-report deprivation levels. The option to extend the coverage of the Pupil Premium is to either use:
- Pupils eligible for FSM in one of the last 3 years (“Ever 3”); or
 - Pupils eligible for FSM in one of the last 6 years (“Ever 6”)
86. The current Pupil Premium is a flat rate across the country with no ACA adjustment; the paper asks whether this should remain the case or whether adjustments should be made to reflect the differences already in the system.

Timing for Implementation

87. The current system will remain in 2012-13 but the DfE plans to issue a “shadow settlement” in spring 2012 to illustrate the potential allocations under the new arrangements. The new system could come into place in 2013-14 or could wait until the next Spending Review period in 2015-16.
88. If we wait until the next SR period, then the DfE will need to consider what to do in the short-term. For example:
- Improving the transparency of the calculation of schools’ budgets by restricting allowable factors;
 - Requiring local authorities to publish their formulae in the pro-forma;
 - Funding Academies through the EFA, using the pro-forma.
 - Amending the School Finance Regulation to allow certain services to be delegated to schools.
 - Make changes to the calculation of the local authority LACSEG
 - Introduce a number of the proposals around high need pupils, e.g. The base unit of funding

Community Impact

89. No direct impact from this consultation

Financial Implications

90. Depending on the transitional arrangements eventually chosen by the DfE there could be significant impact on the budgets of all schools as the new formula is implemented.

Legal Implications

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

Risk Management

92. Further consultation papers will be received from the DfE as the implementation of the national funding formula progresses.

Appendices

Draft response to the consultation paper

Background Papers

None

A consultation on school funding reform: Proposals for a fairer system

Consultation Response Form

The closing date for this consultation is:

11 October 2011

Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online response facility available on the Department for Education e-consultation website (<http://www.education.gov.uk/consultations>).

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

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

Name **Malcolm Green**

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If you have an enquiry related to the policy content of the consultation you can contact either

Ian McVicar on: Telephone: 020 7340 7980 e-mail: ian.mcvicar@education.gsi.gov.uk
or

Juliet Yates on: Telephone: 020 7340 8313 e-mail: juliet.yates@education.gsi.gov.uk,

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Consultation Unit by e-mail: consultation.unit@education.gsi.gov.uk, by Fax: 01928 794 311, or by telephone: 0870 000 2288.

Please tick the box that best describes you as a respondent.

<input type="checkbox"/> Maintained School	<input type="checkbox"/> Academy	<input type="checkbox"/> Teacher
<input type="checkbox"/> Individual Local Authority	<input checked="" type="checkbox"/> Schools Forum	<input type="checkbox"/> Local Authority Group
<input type="checkbox"/> Teacher Association	<input type="checkbox"/> Other Trade Union / Professional Body	<input type="checkbox"/> Early Years Setting
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Parent / Carer	<input type="checkbox"/> Other

If 'Other' Please Specify:

Chapter 1 - The National Funding System

In paragraphs 1.8 to 1.14 we discuss two ways we are considering using to calculate the schools block:

- a) A formula based on the schools within the area and the pupils within those schools (“School-level”);
- b) A formula based solely on the pupils within the area (“local authority-level”).

Question 1: Would you prefer the formula to be based on

a) a notional budget for every school; or

b) the pupils in each local authority area?

School level

LA level

Neither

Not Sure

Comments: A notional budget for each school will make very clear to all the cost of local formula variations on a school by school basis. Changes can then be made locally to aid convergence to the national formula. Schools will have confidence in the fairness of the allocations and can determine the pace of change locally. A notional budget on a school by school basis will ensure fairness between local authority and academy schools.

Chapter 2 - The Schools Block - system

Local flexibility

In paragraphs 2.6 to 2.9 we discuss local funding formulae and propose reducing the number of formula factors which local authorities can apply. We suggest that the local formula factors could cover:

- a. Basic entitlement per pupil (currently Age-Weighted Pupil Units)
- b. Funding for additional educational needs (e.g. deprivation, SEN)
- c. Rates
- d. Exceptional site factors (e.g. split site, PFI and rent)
- e. Lump sums for schools

Question 2: Do you agree that these are the right formula factors to retain at a local level?

All

Some

None

Not Sure

Comments: The only significant sums paid to schools outside these factors are the former Teachers Pay Grant (3.5% of funding) which is paid on teacher numbers above the threshold and the former standards fund grants which are paid on a varying historic amount per pupil (16% of funding). Other factors such as small schools protection, key stage 1 class size funding, grounds maintenance, free school meals all account for less than 1% of overall funding. The AWPU is over 60% of available funding.

Question 3: What other factors, if any, should be able to be used at local level or could any of these factors be removed?

Comments:

Paragraphs. 2.12 to 2.14 discuss primary/secondary ratios:

Question 4: Do you think that setting a range of allowable primary / secondary ratios around the national average is the right approach to ensure that there is consistency across the country?

✓ Yes

No

Not Sure

Comments: The consultation paper suggests a single ratio of 1:27 for primary/secondary funding, however, the national averages for KS1 is 1:03, KS2 is 1:0, KS3 is 1:28 and KS4 is 1:55. The proposed average ratio of 1:27 will significantly cut KS4 school budgets and reduce KS1. Are you sure this is right? This seems not to recognise the additional costs of KS4 and the additional costs of reception.

Arrangements for Academies

Paragraphs. 2.17 to 2.22 discuss options for the future of calculating Academies' budgets. Option (i) suggests that local authorities could calculate budgets for all schools in the area and then tell the EFA how much Academies should be paid; and Option (ii) that the EFA could calculate Academies' budgets using a pro-forma provided by local authorities setting out their formula factors.

Question 5: Do you think we should implement option (i) or (ii) when calculating budgets for Academies?

(i)

(ii)

Other

Not Sure

Comments: Anything other than option (i) duplicates local authority schools finance teams in the EFA at extra cost, delay and increased risk of errors, as all school budgets have to be calculated by the local authority to reconcile to DSG.

Ensuring accountability and fairness

Paragraphs 2.23 to 2.26 discuss options to improve the working of Schools Forums - whether the main groups on the Forum should all separately have to approve a proposed formula and whether the Forum should have more decision making powers.

Question 6: Do you think these options would help to achieve greater representation and stronger accountability at a local level?

Yes

No

Not Sure

Comments: Anything that helps to ensure an independent and truly representative Schools Forum will be helpful. However, it is possible to see instances arising nationally where the main groups on Schools Forum might not approve a formula change if it were against the interests of that voting block. In such cases there would need to be a mechanism for achieving a final budget decision. Such a mechanism might be an appeal to the Secretary of State.

Paragraphs 2.27 to 2.31 discuss functions the EFA could provide to ensure scrutiny and challenge at a national level. They are (i) checking compliance and/or (ii) acting as a review body.

Question 7: Do you think we should implement option (i), (ii), both or neither?

(i)

(ii)

Both

Neither

Not Sure

Comments: Perhaps as a first step an appeal process to School Forum would be useful and only after for the EFA or Secretary of State to step in. DFE could judge whether compliance is helpful. We can't imagine why Schools Forum would not comply with eth funding regulations. Surely a School Forum provides this function and if the powers and responsibilities of School Forums are enhanced as per Q6 then there is even less need for a compliance and review body. In exceptional cases the Secretary of State can presumably override Schools Forum?

Arrangements for Free Schools

Paragraphs 2.33 to 2.35 discuss arrangements for the funding of Free Schools:

Question 8: If we introduce the new system in this spending review, do you think that Free Schools should (i) remain on the Free School methodology for 2013-14 and 2014-15 or (ii) move straight away to the overall funding system?

(i)

(ii)

Not Sure

Comments: Free schools should be funded exactly as all other schools as soon as practicable.

Chapter 3 - The Schools Block – formula content

In paragraphs 3.3 to 3.6 we discuss formula content and propose that the new formula could consist of:

- A basic per-pupil entitlement ✓
- Additional funding for deprived pupils
- Protection for small schools
- An Area Cost Adjustment (ACA)
- English as an Additional Language (EAL)

Question 9: Are these the right factors to include in a fair funding formula at a national level?

All

Some

None

Not Sure

Comments: The treatment of business rates needs to be specified nationally as it can be a sizable cost for some schools and is currently funded at cost by local authorities not to disadvantage pupil spend.

Deprivation

Paragraphs 3.14 to 3.17 discuss possible indicators we could use in a national formula for reflecting deprivation.

Question 10: Do you agree that we should use Ever FSM to allocate deprivation funding in the national formula? Should this be Ever 3 or Ever 6?

Ever 3

Ever 6

Neither

Not Sure

Comments: Ever 3 or Ever 6 years FSM is fairer than solely FSM entitlement due to the under reporting and pupils moving between entitlement and not on a regular basis. Herefordshire has preferred a basket of deprivation indicators includes FSM, low prior attainment and IDACI to smooth out such variation and provide a more consistent method.

Small school protection

Paragraphs. 3.19 to 3.28 discusses funding protection for small schools, suggesting that a £95,000 lump sum would be sufficient to provide protection, that it should be applicable to primary schools only and should adopt Middle Super Output Areas to derive the sparsity factor. If a local authority formula is used a choice between a lump sum payment and a sparsity measure is offered and there is also discussion on whether the threshold for eligibility should be narrowed so that sparsity funding is focused on the most sparsely populated areas.

Question 11: If we have a school-level formula, do you agree that £95,000 is an appropriate amount for a primary school lump sum?

Yes

No

Not Sure

Comments: The analysis in Appendix B is simplistic and the regression analysis coefficient (R square) is not published. Analysis of Herefordshire primary schools suggests a fixed sum of £65k and has R square value of 0.958 i.e. a very good fit but clearly less than the national formula. Such a simplistic analysis will include business rates and these would be included within the £95k base allocation. However business rates vary considerably which is why local authorities pay at actual cost, e.g. academies and VA schools receive 80% charitable rates relief.

To determine whether the £95k is a fair sum for primary schools it is necessary to analyse fixed costs at a school by school level rather than a statistical analysis of local authority funding formula allocation. If fixed costs is the rationale for allocating a lump sum then why are secondary schools not included as they too have (higher) fixed costs?

Question 12: Do you agree that the lump sum should be limited to schools with Year 6 as the highest year-group?

Yes

No

Not Sure

Comments: If the school lump sum is to meet fixed costs then secondary and special schools have fixed costs in exactly the same way that primary schools do. If it is meant to be a small protection payment then Herefordshire small secondary schools also receive small schools protection to help meet the fixed costs of the admin/bursar function. Clarity is needed about whether the lump sum is payment to meet fixed costs or small school costs? If it is fixed costs then secondary schools need to receive a similar/greater sum.

Question 13: If we have a local authority-level formula, should we use a primary school lump sum or the sparsity measure?

Primary School lump sum

Sparsity Measure

Neither

Not Sure

Comments: The sparsity measure better reflects the additional costs of rural authorities in maintaining smaller primary schools.

Question 14: If we have a sparsity measure, do you think we should narrow the sparsity threshold as described above?

Yes

No

Not Sure

Comments: It is right that funding is focussed on the authorities with the greatest need for rurality. The deprivation factors do the same based on the greatest funding for those authorities with the deepest deprivation needs.

Area Cost Adjustments

Paragraphs 3.29 to 3.33 (and annex D) discuss approaches to calculating the area cost adjustment.

Question 15: Which option should we use to calculate the Area Cost Adjustment: the current GLM approach or the combined approach?

GLM Approach

Combined Approach

Other

Not Sure

Comments: Seems fairest as it reflects the national pay bands for teachers for all authorities.

English as an Additional Language and Underperforming Ethnic Groups

Paragraphs 3.34 to 3.38 considers what further factors of underachievement there might be for school age pupils and proposes the inclusion of an EAL factor in a national formula.

Question 16: Do you agree that we should use an EAL factor in the national formula?

Yes

No

Not Sure

Comments: The consultation paper suggests additional funding for EAL is not necessary as their results are comparable with national average for those children without additional needs but then suggests economic deprivation is the key priority – so should fund on deprivation factors not EAL but with initial support costs.

Question 17: Do you agree that this should cover the first few years only? How many years would be appropriate?

Yes

No

Not Sure

Comments: 2 years would seem appropriate.

Transitional Arrangements

Paragraphs 3.39 to 3.41 discuss transitional arrangements to minimise turbulence.

Question 18: Do you think we should:

(a) Continue with a maximum decrease of -1.5% per pupil each year and accept that this will mean very slow progress towards full system reform; or

(b) Continue with a -1.5% per pupil floor in 2013-14 but lower it thereafter so that we can make faster progress?

(a)

✓ (b)

Neither

Not Sure

Comments: No point having a national formula without progressing schools onto it in a reasonable timeframe.

Chapter 4 - Central services and defining responsibilities

Paragraphs 4.1 to 4.7 discuss the development of a funding model, having first defined the respective responsibilities of maintained schools, Academies and local authorities. The model would clarify what elements of funding would be delegated to schools or centrally retained for maintained schools, if there is local discretion.

Question 19: Do you agree that some of these services could be retained centrally if there is local agreement by maintained schools?

✓ Yes

No

Not Sure

Comments: Academies should be bound by the same vote of Schools Forums if they are represented at Forums. Don't see how academies can vote at Schools Forums on matters that only affect maintained schools. This is the schools equivalent of the "East Lothian" question and should be avoided – School Forums votes affect all schools otherwise why have academy representation?

Paragraphs 4.8 to 4.13 set out details of the funding blocks which make up the funding model and their functions. Funding blocks for schools, High Needs Pupils, early years, central services and formula grant are proposed.

Question 20: Do you agree that the split of functions between the blocks is correct? If not, what changes should be made?

<input type="checkbox"/> Completely Correct	<input checked="" type="checkbox"/> Broadly, but some changes required	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments: re - School Budget – contingencies are used for changes in special school numbers particularly in September. Do not see why academies should be entitled to a share of this. Funding for schools in financial difficulties is more difficult as it is not funding for all schools but is set aside for specific schools – academies should be no more entitled to a share than all other schools.

Chapter 5 - Future arrangements for the Local Authority Central Spend Equivalent Grant (LACSEG)

Paragraphs 5.1 to 5.9 discuss the future arrangements for the calculation of LACSEG.

Question 21: Do you think the funding for local authority LACSEG should be moved to a national formula basis rather than using individual LA section 251 returns?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments: The LACSEG funding received by academies in Herefordshire should be consistent with the value of those services provided by the local authority to the non-academy maintained schools in Herefordshire i.e. transparent and consistent funding for all schools.

Question 22: Do you think the distribution mechanism should be changed to one that more accurately reflects the actual pattern of where Academies are located?

Yes

No

Not Sure

Comments: Surely this has been subject to a separate consultation on “the basis for the decision on the appropriate amount of a academies funding transfer for 2011-12 and to 12/13” which closed on the 16th August 2011. Not sure how we can have two consultations on the same question. (para 5.7 & 5.8)

Chapter 6 - Children and Young People requiring high levels of support

Principles

Paragraph. 6.7 sets out the high level principles behind the proposals for funding children and young people with high levels of need.

Question 23: Is this the right set of principles for funding children and young people with high needs?

Yes

No

Not Sure

Comments:

A Base Level of Funding for High Needs SEN

Paragraphs 6.11 to 6.18 discuss proposals to set a base level of funding to reflect high needs SEN.

Question 24: Would it be appropriate to provide a base level of funding per pupil or place to all specialist SEN and LD/D settings, with individualised top up above that?

Yes

No

Not Sure

Comments: Herefordshire, like most other authorities, formula funds special schools and a number of special units where the funding is above the £10k suggestion for special schools and £6k for units. Substantial care will be necessary to change the formula to a flat rate without creating significant additional paperwork to claim the top-up, for example all pupils in a special school will have to claim the top up. Will create more workload for special unit complexity rather than less.

Question 25: Is £10,000 an appropriate level for this funding?

Yes

No – too high

No – too low

Not Sure

Comments: Herefordshire's base level for special schools in 2011/12 is £13,170 – why not allow local discretion and a gradual move to a common national amount with protection arrangements set nationally? This would mirror the local flexibility around the base national formula elements.

Applying this approach to post-16

Paragraphs 6.19 to 6.21 discuss proposals for funding high needs pupils to post -16 pupils.

Question 26: Is the idea of a base rate of funding helpful in the post-16 context?

Yes

No

Not Sure

Comments: The same base level of £10,000 for all sections including post-16 is helpful in providing consistent levels of support to all pupils.

Question 27: Should local authorities be directly responsible for funding high level costs over £10,000 for young people in post-16 provision in line with their commissioning responsibilities?

Yes

No

Not Sure

Comments: Local authorities should only be directly responsible for funding high level costs for post-16 provision if the budget truly reflects the level of cost and need. It would reduce administrative bureaucracy for LA's to directly fund providers. The current post 16 block SEN grant is well known for its inadequate level of funding. Budgets should be set to reflect realistic assessments of need and cost.

Question 28: Do the proposed funding arrangements create risks to any parts of the post-16 sector?

Yes

No

Not Sure

Comments: Not as far as we can judge however the question would be better answered by post-16 institutions directly.

Funding by Places or Pupil Numbers

Paras 6.22 to 6.26 discuss whether institutions providing for high needs children and young people should be funded on the basis of planned places or pupil numbers. It also sets out four options for doing so.

Question 29: Should institutions providing for high needs children and young people be funded on the basis of places or pupil numbers?

Places

Pupil Numbers

Not Sure

Comments: Herefordshire has funded special schools on actual pupil numbers (with extra-funding for any increase in September's pupil numbers above forecast). This has worked well since its introduction in 2005. The previous formula was based on places and schools to bid for additional funding for support hours. Vacant places in

special schools have not been an issue and the schools have been funded to meet rising pupil numbers.

Question 30: Are any of options (a)-(d) desirable?

(a) (b) (c) (d) None Not Sure

Comments: Funding on actual pupil numbers has worked well, to change to (b)-(d) would be a retrograde step – but is this another case for local discretion?

Funding Special and AP Academies and Free Schools

Paragraphs 6.27 to 6.39 discuss how funding for special and AP Academies and Free Schools should be managed in the short term and, in the longer term, whether funding should be routed through the Education Funding Agency (EFA) or the commissioner.

Question 31: For the longer term, should we fund Special and AP Academies and Free Schools:

- a) with all funding coming direct from the commissioner?
- b) with all funding coming through the EFA and recouped from the commissioner?
- c) through a combination of basic funding from the EFA and top-up funding for individual pupils direct from the commissioner?

(a) (b) (c) Neither Not Sure

Comments: The simplest method is that the school charges the (home) local authority. It is not clear within the DfE's preferred option (c) how the DSG paid and recouped from local authorities would be adjusted, for example where is the £10k per place paid by the EFA is funded from? – if it is recouped from DSG and the authority pays the top-up then it might as well receive a bill from the school direct for the hole amount.

Question 32: If we go for the combination funding approach, should we pass all funding through the EFA for a limited period while the school is establishing itself before moving to this approach?

Yes

No

Not Sure

Comments: Provided DSG pupil count and recoupment questions are explained.

Constructing the High Needs Block for local authorities

Paragraphs 6.40 to 6.47 propose a new formula for determining the High Needs Block building on the research carried out for the Department by PricewaterhouseCoopers in 2009.

Question 33: Given there is no absolute method of determining which pupils have high needs, and given local variation in policy and recording, is this approach to determining proxy variables acceptable?

Yes

No

Not Sure

Comments:

Question 34: Do you agree that deprivation is linked more to AP rather than the wider SEN needs?

Yes

No

Not Sure

Comments: Not sure because there is emerging practical evidence that attendance at our primary SEN school is linked to living in an adjacent deprived part of Hereford.

Paragraphs 6.48 to 6.49 suggest the need for substantial transitional arrangements in moving to a new formula as the formula will fail to reflect the spend of local authorities on high need pupils.

Question 35: Do you agree that in the short term we should base allocations to local authorities for the high needs block largely on historic spend?

Yes

No

Not Sure

Comments: What does short term mean in years? Three to five?

Post-16

Paragraph 6.50 proposes aligning pre- and post-16 funding for high needs pupils over time.

Question 36: Do you agree that post-16 funding should also become part of the local authority's high needs block over time, but that there might be a particular need for transitional arrangements?

Yes

No

Not Sure

Comments:

Question 37: What data should ideally underpin the funding allocations both initially and for a potential high needs block arrangement?

Comments: Not sure – it would have been helpful to set out more detail in para 6.50.

Issues Specific to Alternative Provision

Paragraphs 6.51 to 6.56 highlight issues specific to AP provision but suggest that AP should continue to be treated alongside SEN for funding purposes.

NB: Questions 38 is displayed together with question 39 in the document.

Question 38: Should AP continue to be treated alongside high needs SEN for funding purposes?

Yes

No

Not Sure

Comments: PRU's have been given an historic budget and not linked closely to the number of pupils. Recently schools have been charged for the costs (on a pupil referral basis) for the additional costs of providing 25 hour teaching provision.

Question 39: What differences between them need to be taken into account?

Comments: Not sure how PRUs can be formula funded – would seem to more potential in charging schools for referrals.

Early Years

Paragraphs 7.5 to 7.8 set out current arrangements for early years funding and discuss whether the Early Years Single Funding Formula could be made simpler:

Question 40: Do you agree we should aim for a simpler EYSFF? If so, how?

Yes

No

Not Sure

Comments: Herefordshire already has a simple formula with limited factors which ensures the same rates paid to all providers (although we do not have nursery schools.) We are willing to share our approach with DFE.

Paragraphs 7.9 to 7.11 sets out options for improving the focus on tackling disadvantage and improving consistency in the support offered to disadvantaged children.

Question 41: How could we refine the EYSFF so that it better supports disadvantaged children?

Comments: We have included a deprivation factor and this should be maintained. A comparative study of deprivation payments to schools and PVI providers would be helpful. The percentage of deprivation payments in our EYSFF is below those made to schools in the same area. However the location of the PVI setting is not always reflected in the pupil attending e.g. commuters may use a convenient PVI in a deprived area but near a large workplace.

Bringing more consistency to free early education funding

Paragraphs 7.12 to 7.15 consider two options for continuing to fund local authorities for free early education: on the basis of their current spend or on the basis of a formula.

Question 42: Do you agree we should allocate funding to local authorities on the basis of a formula?

Yes

No

Not Sure

Comments: Locking in spend plus is wrong given the whole basis of the national funding formula is to unlock the current spend plus methodology. A formula approach plus short term damping is fairest and will allow consistency between neighbouring authorities.

Paragraphs 7.16 to 7.18 discuss how a formula to local authorities for funding early years would operate.

Question 43: Do you agree a formula should be introduced based largely on the same factors as the schools formula?

Yes

No

Not Sure

Comments: Seems sensible given that children in PVI settings quickly grow into children in schools.

Bringing greater transparency to free early education funding

Paragraphs 7.19 to 7.20 discuss what has been done so far to improve transparency and our plans for the future.

Question 44: We would be grateful for views on whether anything else can be done to improve transparency.

Comments: We would welcome more benchmarking for early years funding rates. Herefordshire has traditionally been a high value funder of PVI but is one of the lowest funded authorities – which seems not entirely consistent.

Pupil Premium

Paragraphs 8.1 to 8.8 set out two options for extending the coverage of the pupil premium to include pupils previously eligible for Free School Meals: an ‘ever 3’ measure or an ‘ever 6’ measure which extend cover to those eligible for FSM at some point in the last three or six years.

Question 45: What is your preferred option for determining eligibility for the Pupil Premium from 2012-13? Should it be based on the Ever 3 or Ever 6 measure?

Ever 3

Ever 6

Neither

Not Sure

Comments: Ever 6 seems to better reflect the need in secondary schools by addressing the issue of declining registration in years 7 – 11.

Paragraphs 8.9 to 8.10 seek views on other issues for calculating the pupil premium, such as whether to reflect differences in funding already in the system.

Question 46: What is your preferred approach for calculating the Pupil Premium?

Comments: The same rate of pupil premium for all authorities nationally seems right in principle – the impact of deprivation is the same nationally so funding should be so also.

Timing for implementation

Paragraphs 9.1 to 9.4 consider the issue of when to begin the process of moving to a new funding formula.

Question 47: Do you think we should implement the proposed reforms in 2013-14 or during the next spending period?

2013-14

Next
Spending
Period

Neither

Not Sure

Comments: It is better to make a start in 2013/14 rather than delay. Perhaps there is an approach that will allow authorities to move towards the national funding formula in 2013/14 which will reduce the turbulence later. We intend, if possible, to take steps in 2012/13 which will prepare the way for later implementation. It is surely worth seeking further views from authorities when the shadow settlement is available?

Question 48: Have you any further comments?

Comments:

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

Please acknowledge this reply ✓

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

✓ Yes No

All DfE public consultations are required to conform to the following criteria within the Government Code of Practice on Consultation:

Criterion 1: Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2: Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3: Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4: Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5: Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6: Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7: Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you have any comments on how DfE consultations are conducted, please contact Carole Edge, DfE Consultation Co-ordinator, tel: 01928 738060 / email: carole.edge@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.

Completed questionnaires and other responses should be sent to the address shown below by 11 October 2011

Send by e-mail to: schoolfunding.consultation@education.gsi.gov.uk

Send by post to:

Consultation Unit
Area 1C
Castle View House
Runcorn
Cheshire
WA7 2GJ

MEETING:	SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	DRAFT GUIDING PRINCIPLES FOR THE HEREFORDSHIRE LEARNING COMMUNITY
REPORT BY:	ASSISTANT DIRECTOR: PEOPLE'S SERVICES COMMISSIONING (ADULTS, CHILDREN & HEALTH)

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

This is a discussion document.

Recommendation(s)

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

Key Points Summary

- The Herefordshire learning community is changing in response to greater opportunities and freedoms afforded by Government, including more opportunities for schools to be autonomous and collaborate with others.
- Schools Forum has requested that the Local Authority provide its vision through a set of guiding principles for the Herefordshire learning community. Draft principles, produced from discussions with partners, children and young people are set out in this paper.
- These principles are for debate and discussion to establish what they mean in terms of roles, responsibilities, contributions and actions of Herefordshire's learning community to fulfil the principles.

Alternative Options

- 1 None tabled

Reasons for Recommendations

- 2 The discussion, alongside those with the Schools Strategic Planning Group, headteacher forums and the Herefordshire Association of Governors will be used to confirm the principles and approach in Herefordshire.

Introduction and Background

- 3 The local authority is accountable for commissioning providers and for ensuring that every early years, school, college and training provider plays its part in giving children and families an excellent start and preparation for life. The local authority also uses its knowledge and expertise of broader contexts to ensure schools are able to collaborate for the greater good.
- 4 Early years providers, schools and colleges are responsible for determining with their communities, the vision and direction for their institutions.
- 5 Despite a recent marginal rise in birth rates, Herefordshire continues to experience falling school rolls as larger cohorts of pupils leave at ages 16 and 19 than enter reception. A significant consequence of this is that Herefordshire's overall funding for schools and early years provision is reduced, both for local authority maintained schools and academies and all types of early years providers
- 6 Other than for Reception Year, Herefordshire's early years provision is predominantly supplied by the private, voluntary and independent sector, with a small proportion being provided through 13 maintained nursery classes at schools.
- 7 Successive governments have introduced legislation to give greater autonomy to schools and to make it easier for popular and successful schools to expand. The current Government is introducing further legislation aimed at making such expansion easier for schools. The effect of this for schools in Herefordshire at a time of falling numbers of children in schools is that surplus capacity at other schools, and possibly vulnerable schools in terms of pupil numbers, is increased.
- 8 Against this background, Schools Forum has requested that the Local Authority provide its vision through a set of guiding principles for the Herefordshire learning community. Equally, the national direction is for governing bodies to play the pivotal role in determining, with their communities, the vision and direction for their institution. A successful learning community, including early years providers, schools, colleges, and the local authority will be underpinned by a collective set of principles, so that Herefordshire children and families are to be assured of equality of access, opportunity and achievement wherever they live.

Key Considerations

- 9 The following guiding principles are set out to form the basis for discussion. They reflect the broad views expressed in partnership discussions between the Local Authority, the Herefordshire learning community, including the Schools Strategic Planning Group, and the wider community of Herefordshire including the views of children and young people, local business and commerce.
- 10 For Herefordshire, there are some really exciting possibilities with the potential freedoms within the national curriculum and through academy freedoms. One such example is the opportunities that will be afforded by Herefordshire's high speed broadband development. Herefordshire is well placed to create a cutting edge ICT curriculum which focuses much more on teaching our children and young people how to make ICT work for them in their learning and through to adult life and economic wellbeing. Children and young people live in a global society and need the skills and understanding to function in this context.
- 11 We now want to test these guiding principles through Schools Forum and other representative groups such as the Schools Strategic Planning Group, headteacher forums and the Herefordshire Association of Governors. The main purpose of these principles is to provide

challenge and stimulate a number of questions in terms of what they mean in practice for the Herefordshire learning community. This paper begins the questioning and thinking process which will help all partners to focus on what the final guiding principles mean in terms of the respective roles, responsibilities, contributions and actions of everyone involved in educating and developing the children and young people of Herefordshire now and into the future.

- 12 The children and young people of Herefordshire need vibrant and effective early years' providers, schools, colleges and training providers to help them become successful adults.
- 13 Residents and businesses in Herefordshire need young people who have the social skills, curiosity, ability to learn, and the right knowledge to help Herefordshire be a good place to live, work and invest.
- 14 To be an effective education system, partners need to be able to sign up to guiding principles for Herefordshire; understand what they mean in terms of their personal contribution; and commit to undertaking their role, responsibilities and actions to fulfil those principles.
- 15 Herefordshire has successfully delivered high quality education across a range of indicators over a number of years. The performance of young people by the age of 16 and those in full time education up to 19 has been strong particularly in relation to level 2 (GCSE and equivalent) and level 3 (A level and equivalent). Performance has consistently been in or close to the upper quartile nationally on key GCSE and A level measures with the largest post 16 provider, Herefordshire Sixth Form College, having a 99.4% A level (or equivalent) pass rate and two of the four maintained school sixth forms achieving a 100% pass rate. GCSE pass rates have seen a year on year improvement but there is still variation in the performance of High Schools. Although the performance of boys improved in 2011, and the gap between boys and girls achievement narrowed, there remains the need to raise boys performance in some schools where the difference is too great.
- 16 The performance of children by the end of the early years foundation stage and across primary schools has not been as strong and as a result the Herefordshire Public Services Vision and Joint Corporate Plan has set the raising of educational achievement and outcomes of children in early years settings and primary schools as a key corporate priority.
- 17 There were significant improvements in performance measures in 2011 in both early years and primary outcomes. The proportion of children reaching nationally expected levels of development by the end of the Early Years Foundation Stage improved from 44.6% in 2010 to 56% in 2011. This is one of the biggest improvements in the country and moves early years performance from one of the worst nationally in 2010 to the 50th percentile in 2011. There is still much to be done to build on this strong improvement and move performance into the upper quartile.
- 18 In primary schools the overall achievement of children by the ages of 7 and 11 also improved in 2011. The proportion of children reaching expected levels of attainment (level 2c+) in reading, writing and mathematics by the age of 7 improved strongly. This was also the case for children at the age of 11 with improvement in the proportion of children attaining expected levels of attainment (level 4+) in English and in mathematics and in English and mathematics combined. Overall 80.9% of children reached the expected level in English and 78.6% in mathematics and the proportion attaining level 4 in both increase from 71.4% in 2010 to 75.5% in 2011. These figures are above the national average and indicate an upward trend which, if continued, will move Herefordshire primary schools into the upper quartile of performance nationally within the medium term.

Draft Guiding Principles:

- 19 The following draft principles are set out for the whole Herefordshire learning community, including early years, schools, sixth forms and colleges as well as the local authority.
- Our business is about educating and developing EVERY child and young person. We will not turn our back on any child or young person.
 - We will have the highest expectations and believe in the talents and abilities of every child and young person.
 - Within 5 years, we are going to be at top quartile performance nationally for all education performance measures. For those where we are already top quartile nationally, we will be consistently in the top 3 against statistical neighbours. High quality education will deliver high levels of engagement, improvement and achievement.
 - We are going to use the freedoms within the revised national curriculum to develop curriculum arrangements which give Herefordshire children a head start in developing the skills and knowledge they need to be successful adults and to give Herefordshire an economic advantage over other areas. This will be grounded in evidence of what works in engaging and developing children and young people and accelerating their learning.
 - As publically funded institutions, all early years settings, schools and colleges are accountable not just to their children, pupils and families, but to their wider communities and Herefordshire as a whole. This entails operating within the funding available, making their facilities generally available to their communities, and successfully educating every child and young person by providing the best possible care, guidance and support and high quality teaching and learning experiences and approaches.
 - Every school is encouraged to be part of a formal school collaboration, hard federation, trust or academy chain to reduce running costs, enhance opportunities for children and staff, and to reassure their local community that every step has been taken to maintain high quality cost-effective education provision at a time of reducing resources.
 - For as long as formula funding schemes are determined locally, commissioning and other funding decisions will be taken which support collaborative arrangements. This will ensure that the level of subsidy which is essential to maintain a rural network of schools is realistic.
 - The local authority is also publically funded. It is accountable for commissioning providers and for ensuring that every early years provider, school, college and training provider plays its part in giving children and families a good deal, and for using its knowledge and expertise of broader contexts to ensure schools are able to collaborate for the greater good.
 - Some children have life experiences which make learning more difficult. Education providers, local authority, health commissioners and providers will all work together to make sure that every child and young person has their barriers to learning identified accurately and action is put in place to reduce or remove them and close the gap in achievement.

- Business needs good schools and colleges and vice versa. We will have the best collaboration possible between them to make school and college experience more relevant to the world of work and to give young people and staff more support from business to develop a more creative learning experience.

Questions

20 The following questions are included to shape the discussion:

- How can these principles be applied to develop approaches that achieve the aspirations contained within them, including performance?
- How can these principles be applied to deliver exciting possibilities across Herefordshire's learning community whatever the status of individual institutions, for example, through the curriculum?
- How can these principles be applied to the funding arrangements for schools and early years providers and local authority statutory services?
- What additional opportunities can be afforded to children and young people by schools becoming academies?
- What skills and support do governing bodies need to enable them to evaluate and progress changes to their schools and colleges to ensure they are sustainable?
- How should the Local Authority work with schools if collaborative arrangements are not addressing the issues of sustainability with a particular school or schools?
- How long should the Local Authority allow collaborative arrangements to continue where educational standards and financial sustainability are at risk?

21 As part of the development of these principles the local authority will set out what it means to be a local authority school, as opposed to an academy or free school so that schools and the learning community are clear about the differences.

22 Governing bodies will play the lead role in determining, with their communities, the vision and direction for their institution. The local authority as part of Herefordshire's learning community will use the principles, once confirmed, to deliver its statutory duties. These include the commissioning of school places and school organisation. In this regard the local authority will work firstly in a facilitative way with individual or groups of schools to address long term issues of surplus places and falling roles. Where the principles of Herefordshire's learning community are not going to be achieved, the local authority will then take a more formal role in coordinating and leading reviews of local school provision. This will include consideration of alternative modes of delivery such as academy status and may, through due process, lead to some closures.

Community Impact

23 The establishment of a clear set of guiding principles will have wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

Financial Implications

- 24 Despite a recent marginal rise in birth rates, Herefordshire continues to experience falling school rolls as higher cohorts of pupils leave at age 16 and 19 than enter reception. A significant consequence of this is that Herefordshire's funding for schools is reduced significantly.
- 25 If the Herefordshire learning community is to ensure that it provides its children and young people with the best possible outcomes individually and that it meets the needs of the people and businesses of Herefordshire into the future, more financially efficient means of delivering these entitlements need to be found. Herefordshire Council has a duty to ensure that this is done in a planned way.

Legal Implications

- 26 Herefordshire Council has a duty to secure sufficient school places and also has a duty to ensure quality provision.
- 27 Schools are responsible for determining their own collaborative arrangements with other schools.
- 28 The Local Authority remains responsible for school organisation in its area including decisions on school closures, where this is necessary, and determining the capacity of schools, in liaison with the DfE in the case of academies.
- 29 Successive governments have introduced legislation to make it easier for popular and successful schools to expand and the current Government is introducing further legislation aimed at making such expansion easier for schools. The effect of this for Herefordshire at a time of falling school rolls is that surplus capacity at other schools, and possibly vulnerable schools in terms of pupil numbers, is increased.

Risk Management

- 30 The risk to outcomes for children and young people are severe in a school market place which sees schools struggling financially due to falling rolls. This paper seeks to establish a way forward which will determine principles and actions to mitigate against this risk.

Consultees

- 31 Schools Forum, Strategic Planning Group, Heads Forms, Herefordshire Association of Governors, Colleges

Appendices

None

Background Papers

None identified

MEETING:	HEREFORDSHIRE SCHOOLS FORUM
DATE:	23 SEPTEMBER 2011
TITLE OF REPORT:	WORK PROGRAMME
REPORT BY:	DEMOCRATIC SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the Forum's work programme for the rest of 2011/2012.

Recommendation

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

Herefordshire Schools Forum – Work Programme 2010/11

8 December 2011 at 9:30 am (instead of 25 November) Brockington

- Outcome of AEN/SEN Funding Review Consultation
- National School Funding Review – Update
- Report of Budget Working Group
- School Funding 12/13 – Draft Budgets
- Review of In Year Fair Access Placement Panel funding implications for schools
- Education Act 2011
- Report of Procurement Sub-Group
- 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

20 January 2012 9:30 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.