

AGENDA

Herefordshire Schools Forum

Date: **Monday 12 March 2012**

Time: **9.30 am**

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

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

For any further information please contact:

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Agenda for the Meeting of the Herefordshire Schools Forum

Membership

Chairman Ms T Kneale
Vice-Chairman Mr NPJ Griffiths

| | | |
|-------------------|-----------------------------|--|
| Non Voting | Mr A Teale | Voluntary Aided Primary School |
| | Mrs K Rooke | Special Schools Governor |
| | 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 |
| | Mr S Pugh | Primary Schools Headteacher (Community) |
| | 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 |
| | 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 |
| | Dr M Goodman | Secondary Headteachers |
| | Mr J Sheppard | Hereford Academies |

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A prejudicial interest would include the situation whereby a proposal uniquely affects either a school at which they are a head teacher/governor or which their children attend.

Any member who requires advice/guidance concerning declarations of interest or any other issue concerning the Forum should contact the Clerk in the first instance on telephone number 01432 260248

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 To approve and sign the minutes of the meeting held on 24 February 2012. | 1 - 6 |
| 6. REPORT OF THE BUDGET WORKING GROUP To consider a report from the Budget Working Group (BWG) on the following issue: Dedicated Schools Grant 2012/13 – proposals for delegation of Band 3 and Band 4 funding and make recommendations to the Cabinet Member for approval. | 7 - 16 |
| 7. LATE ITEMS/ANY OTHER BUSINESS To consider any issues raised as either a late item or any other business. | |

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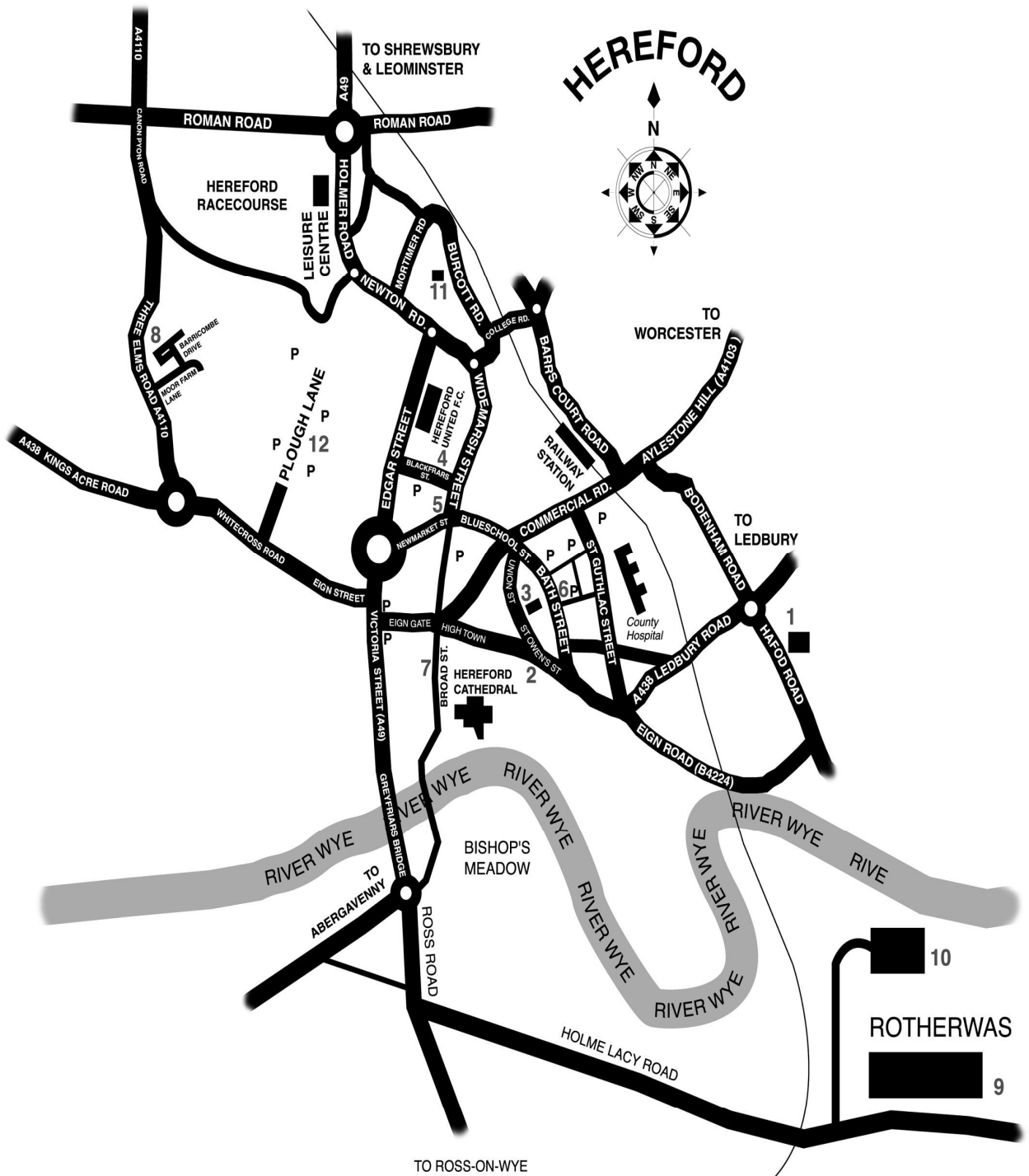
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|---|------------------|----|-------------------------------|
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Section Heads will call the roll at the place of assembly.

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Herefordshire Schools Forum held at Council Chamber, Brockington, 35 Hafod Road, Hereford HR1 1SH on Friday 24 February 2012 at 9.30 am

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

Mr A Teale, Mrs K. Rooke, Mrs JS Powell, Mr P Burbidge, Mrs S Catlow-Hawkins, Mr S Woodrow, Mrs J Cecil, Mr P Box, Mr S Matthews, Mrs J Baker, Mr TE Edwards, Mrs S Bailey, Mr J Docherty, Mr M Harrisson, Mrs A Jackson, Mr P Barns, Dr M Goodman and Mr J Sheppard, Mr A Heatley and Mrs A McArthur.

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

59. APOLOGIES FOR ABSENCE

Apologies were received from, Mr J Chapman, Mr Godfrey, Mrs R Lloyd, Mr S Pugh, Mrs A Pritchard and Mr A Shaw and also from Mrs J Davidson.

60. NAMED SUBSTITUTES

Mr A Heatley substituted for Mr Godfrey and Mrs A McArthur for Mr A Shaw.

61. DECLARATIONS OF INTEREST

Mrs Catlow-Hawkins declared an interest in recommendation 18 as printed in the agenda papers and did not vote upon it.

62. CHAIRMAN'S ANNOUNCEMENTS

There were none.

63. MINUTES

RESOLVED: That the Minutes of the meeting held on 20 January 2012 be confirmed as a correct record and signed by the Chairman.

64. REPORT OF THE BUDGET WORKING GROUP

The Forum considered a report from the Budget Working Group (BWG) on the following issues: Budget 2012/13; In Year Fair Access Placement Panel and Funding Implications for Schools; Funding Schools Strategic Change; and Service Level Agreements for Energy Savings.

The Chairman of the BWG presented the report. She commented that the proposal that when a school received a pupil through the In Year Fair Access Placement Panel from another Herefordshire School a funding charge should be agreed between the two schools represented an equitable acknowledgment of the financial consequences. She also noted that proposals on Funding Schools Strategic Change were to be considered by the Schools

Strategy Group. Once a view had been taken on the future strategy, if appropriate, the financial implications would be considered by the BWG and a report made to the Forum. In considering that strategy, the BWG had discussed anomalies within the small schools protection mechanism and it was proposed that work be commissioned to examine options for retargeting small schools protection.

In discussion the following principal points were made:

- There was consensus that the proposed funding charge when a school receives a pupil from another Herefordshire school through the In Year Fair Access Placement Panel should be implemented with effect from 1 April 2012. The proposal to review the Scheme's operation was welcomed. It was confirmed that the intention was to keep the arrangement straightforward and payment of a charge was therefore proposed for a full term rather than pro rata.
- That a wider view needed to be taken of the implications for schools of in-year moves generally and that procedures and protocols should be reviewed to ensure that they were robust and in line with those of neighbouring authorities.

RESOLVED:

- That:**
- (a) when a school receives a pupil from another Herefordshire school through the In Year Fair Access Placement Panel a funding charge is actioned between the two schools affected based on a figure of £1,000 per pupil per full term subject to a maximum of £3,000;**
 - (b) a report be made to the Forum after twelve months reviewing the operation of the Scheme; and**
 - (c) the Scheme should commence with effect from 1 April 2012;**
 - (d) the Budget Working Group be asked to consider the financial implications for schools of managed moves in year and whether a funding mechanism should be developed to provide for funding to be transferred between schools in-year in time for consideration as part of the 2013/14 budget preparation;**
 - (e) Officers should be requested to review the operation of procedures and protocols relating to in year pupil movements; and**
 - (f) That work be commissioned to examine options for retargeting small schools protection and a report made to the Budget Working Group in Autumn 2012.**

65. DEDICATED SCHOOLS GRANT 2012/13

(Mrs Catlow-Hawkins declared an interest in recommendation 18 as printed in the agenda papers and did not vote upon it.)

The Forum was invited to consider the Dedicated Schools Grant budget for 2012/13 and recommend it to the Cabinet Member for Corporate Services and Education.

The Schools Finance Manager presented the report setting out the budget proposals as recommended by the BWG and highlighted the following points:

The proposals had been fully considered by the Budget Working Group. If approved by the Forum the recommendations would be reported to the Cabinet Member for approval. School budgets would then be issued before 31 March 2012.

Particular consideration, as reflected in the key points summary and at paragraph 7 of the report, that had been given to the proposals to reduce social deprivation funding for schools with high free school meal numbers. He emphasised that the proposed reductions would be more than offset by an increase in additional grant funding from the proposed changes to Schools Standards Grant (personalisation), Disadvantage Subsidy and One to One tuition. He confirmed that the pupil premium would be additional to this grant funding in accordance with Department for Education advice. It was proposed that the BWG should review the impact of the 2012/13 proposals as part of the preparation of the budget proposals for 2013/14.

He also highlighted the additional funding proposed to be allocated to the Bishop of Hereford's Bluecoat School of £215k to meet the disproportionately higher number of pupils at the school with special educational needs.

He also noted the ongoing work with Pupil Referral Units to provide a formula funding model which would be trialled in 2012/13 in preparation for a full implementation of delegated formula funding in 2013/14.

In discussion concern was expressed that the effect on schools of the application of the sliding scale to delegated Band 3 funding for special educational needs (recommendation 19) was not clear and that some schools may lose significant funding.

It was noted that information on the effect on schools had been presented to the Head Teacher's Task and Finish Group that the Forum had established to consider the further delegation of banded funding and whose findings underpinned the budget proposals. However, some members of the Forum considered that the Forum itself needed to be provided with a more detailed analysis.

The Schools Finance Manager commented that recommendation 21 was linked to recommendation 19, proposing to set aside a sum to support the delegation of Band 3 and Band 4 funding by reducing the impact of the savings in the Minimum Funding Guarantee. It was open to the Forum to set aside an additional sum.

It was proposed that consideration of recommendations 19 and 21 should be deferred and referred to the Budget Working Group to consider and report back to the Forum on 12 March, with the information presented to the group also being submitted to the Forum.

RESOLVED TO RECOMMEND to the Cabinet Member for Corporate Services and Education the basis for the schools budget 2012/13 as set out below, noting the deferral of consideration of recommendations 19 and 21 until the Forum's meeting on 12 March:

- (a) the budget options, before the Minimum Funding Guarantee protection, that were broadly supported in the consultation be approved as follows (options refer to the consultation paper items):
1. Option B(ii): Reduce small schools protection by £100k via a cash reduction applied equally to all high schools and primary schools
 2. Option C: Reduce social deprivation by £500k – to be offset by changes within the grants review E(vii), E(viii) and E(ix)
 3. Option D: Reduce personalised learning by £500k –

to be offset by changes within the grants review E(vii), E(viii) and E(ix)

4. Option F: Reduce “per pupil funding” by 0.25% i.e. £125k
5. Option H: No reductions to PVI nursery funding in 2012/13
6. Option J: Reduce central DSG by -3% with the exception of a 1% reduction for PRUs

(b) the grant review options, that were broadly supported in the consultation be approved as follows;

7. Option E(i): School Development Grant - be paid at £164 per pupil and a £10,000 fixed base per school to be phased in over three years. Special schools to be funded on four times pupil numbers to reflect their higher staffing levels.
8. Option E(ii): Excellence cluster funding – further consultation in autumn 2012 for implementation in 2013/14 and 2014/15.
9. Option E(iii): Lunch Grant – funding is allocated to primary schools at £18 per pupil.
10. Option E(iv): Specialism funding – the Herefordshire Association of Secondary Head Teachers to develop proposals for further consultation in autumn 2012 for implementation in 2013/14 and 2014/15.
11. Option E(v): School Standards Grant – to implement the DfE formula and use any surplus to add a percentage increase for all pupils as follows:
 - a. Primary schools £12k base plus £120 per pupil
 - b. High schools £12k base plus £130 per pupil
 - c. Special schools £29k base plus £120 per primary age pupil and £130 per secondary age pupil to be paid on four times pupil number to reflect the higher staff ratios.
 - d. PRUs £12k base plus £120 per pupil
12. Option E(vi): Advance Skills Teachers – pay £16,000 to meet salary costs for actual ASTs for the one day outreach per week until March 2015 and share the balance (approx £60k) by pupil numbers.
13. Option E(vii): School Standards Grant Personalisation – distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.
14. Option E(viii): Disadvantage Subsidy - distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.
15. Option E(ix): One to One tuition - distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.

- 16 Option E(x): Extended schools sustainability – allocate per pupil all in 2012/13
 - 17 Option E(xi): Primary and secondary strategy funding – allocate per pupil all in 2012/13.
- (c) the further delegation of banded funding, broadly supported in the consultation be approved as follows
- 18. Option G(i): Delegate Band 3 and full band 4 to high schools including an additional fixed sum of £215k to the Bishop of Hereford's Bluecoat School to provide for the higher pupil numbers with banded funding.
 - 19. that consideration of Option G(ii): Delegate Band 3 to primary schools according to the sliding scale as set out in the report be deferred;
 - 20. Option G(iv) : retain Band 4 centrally for all primary schools.
- (d) that, subject to the deferral and further consideration of recommendation 21 below the £200k funding provisionally set aside for the SEN complex needs budget be allocated as follows:
- 21. the delegation of Band 3 and Band 4 by reducing the impact of the savings in the Minimum Funding Guarantee £100k be deferred for further consideration.
 - 22 to provide further training for schools and governors by delegating a fixed sum of £150 per school which can be used by schools to cover supply costs for the release of the SENCo to attend the training at a cost of £15k.
 - 23 to provide a budget for in-year funding for out of county pupils and in-year managed moves and transfers in County of £67k.
 - 24 to reduce the impact of budget cuts on Pupil Referral Units to a 1% reduction (Option J above) at a cost of £18k.
- (e) that the Budget Working Group be asked to review the impact of the 2012/13 budget proposals as part of the preparation for the 2013/14 budget.
- (f) that if a final budget adjustment is necessary, then the age weighted per pupil funding be adjusted to cover any surplus or deficit when final pupil numbers are known from the January 2012 census.

66. WORK PROGRAMME 2011/12 AND 2012/13

The Chairman reported that it was proposed that the membership of the Budget Working Group should be considered following the review of the Membership of the Forum itself.

RESOLVED: That the work programme, as amended, be approved.

67. LATE ITEMS/ANY OTHER BUSINESS

Capital Maintenance Allocation

In accordance with the Forum's request on 8 December 2011 a briefing note had been circulated explaining the capital maintenance allocation of £300k as a contribution to insurance in addition to the provision of an emergency contingency of £250k.

The Head of Sufficiency and Capital Commissioning explained that the decision had been taken to use capital maintenance grant over a period of two years (2011/12 and 2012/13) to offset a shortfall on the mutual insurance scheme created by the severe floods in 2007 and severe cold weather in 2010/11. The view had been that this funding option would have the least direct impact on schools. He confirmed that the approach had not set a precedent. Action had been taken to make the insurance scheme more robust and minimise future liabilities. However, he clearly could not guarantee that a problem would never arise again.

Directed Scheme Revisions

A paper had been circulated setting out a number of directed revisions to local authority schemes for financing schools that the Secretary of State for Education was proposing to make.

The Forum noted the proposed changes.

68. DATES OF FUTURE MEETINGS

The Forum noted that the next meeting was scheduled to be held at 9.30 am on Monday 12 March 2012.

The meeting ended at 10.17 am

CHAIRMAN

| | |
|-------------------------|---|
| MEETING: | SCHOOLS FORUM |
| DATE: | 12 MARCH 2012 |
| TITLE OF REPORT: | REPORT OF THE BUDGET WORKING GROUP |
| REPORT BY | DEMOCRATIC SERVICES |

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a report from the Budget Working Group (BWG) on the following issue: Dedicated Schools Grant 2012/13 – proposals for delegation of Band 3 and Band 4 funding and make recommendations to the Cabinet Member for approval.

Recommendation(s)

THAT (a) Schools Forum recommends to the Cabinet Member for Corporate Services and Education amendments to the delegation proposals for Band 3 and Band 4 SEN funding as follows:

(i) The delegation proposals for band 3 and band 4 funding should provide protection for primary and high schools by protecting the delegation formula against average spend over the previous three years and ensuring the delegated funding is subject to a minimum of known commitments in 2012/13 as set out in Option C of the appended report: Delegated proposals for Band 3 and Band 4 2012/13;

(ii) the £100K previously proposed to be set aside for Minimum Funding Guarantee protection be added to the retained £234k available for primary new band 4 and part band 3 funding as part of the increased funding for special educational needs in 2012/13 and be used to support any higher than anticipated applications including those for March 2012; and

(b) Schools Forum considers whether it wishes to recommend to the Cabinet Member for Corporate Services and Education that the protection for

Further information on the subject of this report is available from
Tim Brown, Democratic Services on (01432) 260239

known commitments should be reduced over a four year period by a quarter each year to further protect existing pupils in Key Stage 2 moving onto high schools.

Key Points Summary

- The Forum asked the BWG to consider two of the recommendations made as part of the report to the Forum in February on the Dedicated Schools Grant 2012/13 relating to the delegation of Band 3 and Band 4 funding for Special Educational needs.
- The BWG proposes that option C as set out in the appended report (protect against average spend over the previous 3 years but subject to a minimum of known commitments in 2012/13) should be agreed.
- The BWG proposes to revise the allocation of £100k for Minimum Funding Guarantee protection. The Group concluded that as protection would now be provided within Option C that the £100k should be added to the £234k to act as a safety net for any funding decisions from the March 2012 Banded Funding Panel.
- The Forum is also asked to consider a proposal, outlined at the BWG, that the protection for known commitments should be reduced over a four year period by a quarter each year to further protect existing pupils in Key Stage 2 moving onto high schools.

Alternative Options

- 1 No alternative options are proposed by the BWG at this stage. There are a range of alternatives open to the Forum including those set out in the appendix to this report.

Reasons for Recommendations

- 2 To consider the BWG's views on an issue referred to it for consideration by the Forum.

Introduction and Background

- 3 The BWG met on 1 March 2012. Copies of the Notes of that meeting are being circulated separately to Members of the Forum.
- 4 On 24 February the Forum considered a report on the Dedicated Schools Grant 2012/13. This incorporated the views of the BWG. The Forum approved the recommendations for consideration by the Cabinet Member – Corporate Services and Education, with the exception of recommendations 19 and 21 relating to the delegation of Band 3 and Band 4 funding:

(c) ***The further delegation of banded funding, broadly supported in the consultation be approved as follows;***

19. Option G(ii): Delegate Band 3 to primary schools according to the sliding scale as follows;

| <i>Band 3 proposals for primary schools</i> | <i>Percentage funded by formula</i> | <i>Percentage funded at actual cost</i> |
|--|--|--|
| <i>300 pupils or more</i> | <i>100%</i> | <i>0%</i> |

| | | |
|----------------------------|------------|------------|
| 150 to 299 pupils | 75% | 25% |
| 100 to 149 pupils | 50% | 50% |
| 75-99 pupils | 25% | 75% |
| Less than 75 pupils | 10% | 90% |

(d) that the £200k funding provisionally set aside for the SEN complex needs budget be allocated as follows;

21. to support the delegation of Band 3 and Band 4 by reducing the impact of the savings in the Minimum Funding Guarantee £100k.

- 5 Concern was expressed at the Forum that the overall financial effect on some schools of the application of the proposals to delegated Band 3 funding for special educational needs (recommendation 19) was not clear. It was noted that the implications for schools had been worked through and explained to the Head Teacher’s Task and Finish Group that the Forum had established to consider the further delegation of banded funding and whose findings underpinned the budget proposals. However, some members of the Forum considered that the Forum itself needed to be provided with a more detailed analysis.
- 6 It was noted that recommendation 21 was linked to recommendation 19, and that it was open to the Forum to set aside an additional sum. The Forum deferred consideration of recommendations 19 and 21 and referred them to the Budget Working Group to consider and report back to the Forum on 12 March, with the information presented to the BWG also being submitted to the Forum.
- 7 The BWG met on 1 March and the papers submitted to the Group are appended. The following options were put forward by the Schools Finance Manager for consideration:
- Option A: As originally proposed in the consultation paper;
 - Option B: Protect against average spend over the previous three years
 - Option C: As per option B but subject to a minimum of known commitments in 2012/13
 - Option D: Amend the delegation table to phase in over three years.
- 8 The BWG considered the proposed options emphasising the need for the system adopted to be fair and workable and address the unsustainable and spiralling increases in costs of placing pupils with special educational needs.
- 9 Referring to the spreadsheet headed ‘Protection options for delegation of Band 3 & 4’ the Group considered how the various elements (known commitments, level of protection afforded, level of formula) within the options A-C affected the overall budget for any given school. The spreadsheet showed that in many instances budget differences balanced themselves out or had a minimal overall impact. The Schools Finance Manager noted, however, that because of the value of band 3 funding movements of small numbers of individual pupils could have a significant impact on school budgets particularly those of small schools. It was also noted that exact pupil figures for 2012/13 were still unknown. The Schools Finance Manager added that if Option D was preferred it would be necessary to

continue the current system of banded funding applications for a further two years and given the complexity of the delegation table that a degree of confusion could arise in schools regarding the amount of expected funding.

- 10 Option A had been the original proposal submitted to the Forum. The Group considered instead that Option C should be recommended to Schools Forum and be applied to Primary and High Schools as it was considered to be the nearest and best fit to the current levels of expenditure on banded funding. It was considered important that all schools should receive sufficient funding to meet their known commitments for 2012/13. The Schools Finance Manager, as outlined to the BWG, proposes that to provide further protection, the protection for future commitments should be tapered down over four years by a quarter each year, to allow for pupils in Key Stage 2 moving on to high schools.
- 11 Having reached a view that Option C was best, the Group considered whether recommendation 21 made to the Forum in February: the allocation of £100k for Minimum Funding Guarantee protection, was still necessary. The Group concluded that protection would now be provided within Option C and that the £100k should be added to the £234k to act as a safety net for any funding decisions from the March 2012 Funding Panel. The Schools Finance manager commented that the sum of £234k was subject to variance. Any underspend could be considered for further delegation or inclusion in the 2013/14 budget.
- 12 The Schools Finance Manager advises the Forum that due to the delays to the process it will not now be possible to provide budgets to schools until after the end of March i.e. after the Easter Holidays.

Community Impact

- 13 No direct impact

Financial Implications

- 14 The recommendations, if agreed, will be contained within existing funding and will not have an impact on the overall Dedicated Schools Grant.

Legal Implications

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

Risk Management

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

Appendices

Report to Budget Working Group – 1 March 2012 (Spreadsheets presented are enclosed separately)

Background Papers

None

Delegation proposals for Band 3 and Band 4 2012/13

Introduction

1. Schools Forum on 24th February asked the Budget Working Group to review the detail of the proposals to delegate Band 3 to primary schools following concerns raised that some schools may not receive adequate funding.
2. Schools Forum on 24th February approved the delegation of Bands 3 & 4 to high schools and also that Band 4 should be retained centrally for primary schools. Additionally Schools Forum approved £100k to be used to provide protection for those schools losing in the delegation process. Normally this funding is shared pro-rata amongst those schools losing funding.
3. The funding model considered by the task and finish group which included Heads from both primary and secondary during summer 2011 was based on last full financial year available i.e. 2009/10. The group considered there was a good fit between the actual data and the funding model particularly when the delegation percentage for small primary schools was split on a sliding scale dependent on size of schools. The group rejected delegation of Band 4 to primary schools and also rejected retaining the Band 4 top- up for high schools (i.e. the £4,150 difference between the £7,350 for band 3 and the £11,500 for band 4).
4. The budget consultation was based on these proposals

Financial Analysis

5. Since the School Forum meeting, funding allocations from the February banding panel have been processed and included in the 12/13 funding model. There has been a significant growth in the cost of primary school Band 3 as follows
 - 2009/10 £337k
 - 2010/11 £409k
 - 2011/12 £586k
6. Also the 2012/13 known commitments for Band 3 for primary schools and all bands for high schools have been calculated. Note that commitments from the March banding panel have always been funded in the new financial year due to the timescales involved – and this will continue to be the case.
 - Primary school Band 3 commitments £343k
 - Primary Band 4 commitments £543k
 - High school Band 3 & 4 commitments £783k
7. The available funding in 12/13 is set out in the following table. The funding comprises the amounts delegated to schools in 2010/11 plus a share of the

centrally retained budget for newly allocated bands and a share of the growth allocate by Forum.

| Funding Available in 2012/13 | Band 3 £'000 | Band 4 £'000 | Total £'000 |
|--|-------------------------|-------------------------|------------------------|
| Primary delegated 2010/11 | 331 | 436 | 767 |
| Secondary delegated 2010/11 | 467 | 346 | 813 |
| Budget for new bands allocated in 2011/12 (split not available) | 380 | 255 | 635 |
| Growth in 2012/13 – <i>split provisional</i> | 186 | 14 | 200 |
| MFG Protection funding | 50 | 50 | 100 |
| Total Available | 1,414 | 1,101 | 2,515 |

Proposed 2012/13 Allocation

It is proposed to increase the funding allocated to schools to take account of the increased spend as follows

| | |
|--|---------|
| Delegated to High schools for Band 3 & Band 4 | £1,051k |
| Primary known Band 4 commitments | £543k |
| Primary Delegated Band 3 – Original (updated Option A) | £587k |
| Available for primary new band 4 and part band 3 | £234k |

| | |
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| Proposed Total | £2,415k |
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Question 1 – How to estimate accurately new applications from primary schools for Band 3 (part) and band 4 in 2012/13?

Question 2 – Is the £100k for MFG protection still necessary given the protection offered to schools by options A – D?

(Note- the actual banded funding would be outside the MFG so any option with 2/3rd actuals will not require MFG protection – Will only know for certain when final budgets have been calculated).

Delegation model based on 2009/10 data

- The original model considered by the task group is set out as a separate report. The primary school losses were £68k and the high school loses were £67k i.e. a total of £135k which the £100k would help cover any such losses outside the minimum funding guarantee.
- When Bands 1 & 2 were delegated to schools in 2009, protection arrangements were put in place based on a phased transfer to the new formula based on the baseline band 1 & 2 funding in 2008/09. The protection model provided for

- **Year 1:** $\frac{1}{2}$ x uplifted 2007/08 actuals + $\frac{1}{2}$ formula funding. Additional protection was applied pro-rata to losses
- **Year 2:** $\frac{1}{4}$ x uplifted 2007/08 actuals + $\frac{3}{4}$ formula funding. Additional protection was applied to losses
- **Year 3:** 100% formula funding. Additional protection applied to losses
- **Year 4:** 100% formula and no protection.

Delegation model 2012/13

10. Bearing in mind the protection arrangements provided for the delegation of Bands 1 & 2, options are suggested to the Budget Working Group for consideration as follows;

Option A: As originally proposed in the consultation paper

11. Funding for the delegation model is increased to cover 2011/12 spend and protection is provided for by the MFG and the £100k agreed by Schools Forum – to be applied on a pro-rata basis. The delegated funding for primary schools was based on the £331k included in school budgets in 2010/11.

Option B: Protect against average spend over the previous three years

12. It is clear that expenditure on Band 3 funding varies from year to year as pupils move schools or individual banded funding ceases. The average expenditure over the most recent three year period could be used as a base line to smooth the introduction of delegated band 3 funding by providing protection for most schools by phasing in the delegation formula gradually on a percentage basis. This method worked well when the funding for bands 1 & 2 was delegated in 2009. This protection model takes account of the average spend on banded funding over the three years to 2011/12.
13. In addition, the increase in band 3 spending in primary schools will be factored into an increase in the funding allocated through the formula. This will provide for sufficient funding for all primary schools except those schools where there has been a consistent year on year growth in band 3.
14. Option B provides for delegated funding at the 2011/12 spend level and phased in so that 2012/13 would be $\frac{2}{3}$ of the three year average spend + $\frac{1}{3}$ rd delegated formula. 2013/14 would be $\frac{1}{3}$ rd of the three year average spend + $\frac{2}{3}$ rd delegated formula and 2014/15 would be 100% formula funded.

Option C: As per option B but subject to a minimum of known commitments in 2012/13.

14. Known commitments for 2012/13 are now available following the February banding panel. Under option B 18 schools would not receive sufficient funding to meet known 2012/13 commitments, the biggest individual difference is £15k. An addition to option B to ensure that all schools receive a minimum level of funding that will cover the known commitments in 2012/13 would be a significant improvement to the arrangements set out in paragraph 13. This can be achieved by simply applying the minimum funding level of “known commitments” to all schools. Funding decisions from the March panel will need to be considered separately as they will probably be too late to include in the formula funding.

Option D: Amend the delegation table to phase in over three years

15. Potentially, this is the fairest option for phasing in the delegation proposals; however schools would have to continue to submit applications for band 3 & band 4 pupils in order to receive actual funding. In addition it would be difficult to calculate the split of funding to be delegated to schools and that retained for new applications.

| Band 3 proposals for primary schools | Percentage funded 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% |

16. The table would be amended so that 100% formula funding was phased in over three years as follows;

| Delegation phased in over three years formula – with current year actuals | 2012/13 2/3 rd Actual 1/3 rd formula | | 2013/14 1/3 rd Actual 2/3 rd Formula | | 2014/15 0% actual 3/3rds Formula | |
|---|--|-------------------------|--|-------------------------|--|-------------------------|
| | % funded by formula | % funded at actual cost | % funded by formula | % funded at actual cost | % funded by formula | % funded at actual cost |
| Band 3 proposals for primary schools | | | | | | |
| 300 pupils or more | 33% | 67% | 67% | 33% | 100% | 0% |
| 150 to 299 pupils | 25% | 75% | 50% | 50% | 75% | 25% |
| 100 to 149 pupils | 17% | 83% | 33% | 67% | 50% | 50% |
| 75-99 pupils | 8% | 92% | 17% | 83% | 25% | 75% |
| Less than 75 pupils | 3% | 97% | 7% | 93% | 10% | 90% |

17. The Budget Working Group is asked to consider the financial analysis, the attached spreadsheets of options A – D and to make recommendations to Schools Forum.

