

AGENDA

Herefordshire Schools Forum

Date: **Friday 13 January 2017**

Time: **9.30 am**

Place: **The Council Chamber - The Shire Hall, St. Peter's Square, Hereford, HR1 2HX**

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

For any further information please contact:

Sarah Smith, Governance Services

Tel: 01432 260176

Email: sarah.smith1@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Sarah Smith, Governance Services on 01432 260176 or e-mail sarah.smith1@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of the Herefordshire Schools Forum

Membership

Chairman	Mrs J Rees	Local Authority Maintained Primary School
Vice-Chairman	Mrs S Catlow-Hawkins	Secondary Maintained Schools
	Mrs S Bailey	Special Schools
	Mr P Barns	Pupil Referral Unit
	Mrs W Bradbeer	Academies
	Mr P Burbidge	Roman Catholic Church
	Mrs J Cohn	Special School Governor Representative
	Mr A Davies	Academies
	Mr P Deneen	Trade Union Representative
	Mr J Docherty	Academies
	Mr T Edwards	Local Authority Maintained Primary School Governor
	Mr M Farmer	Academies
	Mr J Godfrey	16-19 provider representative
	Mr NPJ Griffiths	Academies
	Ms A Jackson	Early Years Representative
	Mrs L Johnson	Local Authority Maintained Secondary School Governor
	Mr T Knapp	Academies
	Ms T Kneale	Locally Maintained Primary School (Nursery)
	Mr C Lewandowski	Trade Union Representative
	Mr M Lewis	Local Authority Maintained Primary School
	Mrs S Lines	Church of England
	Mrs R Lloyd	Early Years Representative
	Mrs M Stevens	Local Authority Maintained Primary School
	Mrs K Weston	Local Authority Maintained Primary School
	Mr P Whitcombe	Academies
	Mr K Wright	Local Authority Maintained Primary School

AGENDA

	Pages
1. NAMED SUBSTITUTES (IF ANY) To receive any details of Members nominated to attend the meeting in place of a Member of the Forum.	
2. APOLOGIES FOR ABSENCE To receive apologies for absence.	
3. DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on 21 October 2016.	5 - 10
5. BUDGET WORKING GROUP To receive a report from the Budget Working Group on the following matters: <ul style="list-style-type: none">• Special school funding• School budget consultation responses• Commissioning approach for the early years two year underspend	11 - 38
6. DEDICATED SCHOOLS GRANT AND HEREFORDSHIRE SCHOOLS BUDGET 2017/18 To receive a report on the DSG allocation for 2017/18 and consider final budget proposals for school budgets for 2017/18.	39 - 48
7. LOOKING TO THE FUTURE (TO FOLLOW) To receive an update and any interim proposals from the Looking to the Future Task and Finish Groups and to refer them to the Budget Working Group and the Education Strategic Board for comments in accordance with the terms of reference.	
8. WORK PROGRAMME To consider the Forum's current work programme.	49 - 50
9. NEXT MEETING The next meeting will be Friday 10 March 2017 at 9:30am.	

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Herefordshire Schools Forum held at Council Chamber, The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Friday 21 October 2016 at 9.30 am

Present: Mrs J Rees (Local Authority Maintained Primary School) (Chairman)
Mrs S Catlow-Hawkins (Secondary Maintained Schools) (Vice Chairman)

Mrs S Bailey	Special Schools
Mr P Barns	Pupil Referral Unit
Mrs W Bradbeer	Academies
Mr A Davies	Academies
Mr P Deneen	Trade Union Representative
Mr J Docherty	Academies
Mr T E Edwards	Local Authority Maintained Primary School Governor
Mr N Griffiths	Academies
Ms A Jackson	Early Years Representative
Mrs L Johnson	Local Authority Maintained Secondary School Governor
Mr T Knapp	Academies
Mr C Lewandowski	Trade Union Representative
Mr M Lewis	Local Authority Maintained Primary School
Mrs S Lines	Church of England
Mrs R Lloyd	Early Years Representative
Mr P Whitcombe	Academies

(Mrs J Rees, Chairman, in the chair.)

Aberfan Disaster

The Forum observed a minute's silence in memory of the Aberfan disaster.

(Mrs S Catlow-Hawkins, Vice-Chairman, in the Chair)

241. NAMED SUBSTITUTES

There were no named substitutes.

242. APOLOGIES FOR ABSENCE

Apologies were received from Mr P Burbidge, Mrs J Cohn, Mr M Farmer, Ms T Kneale, Mr M Lewis and Mrs K Weston.

243. DECLARATIONS OF INTEREST

There were no declarations of interest.

244. ELECTION OF CHAIRMAN

RESOLVED: That Mrs J Rees be elected Chairman of the Forum for the ensuing year.

245. ELECTION OF VICE-CHAIRMAN

RESOLVED: That Mrs S Catlow-Hawkins be elected Vice-Chairman of the Forum for the ensuing year.

246. MINUTES

The Forum was informed that a correction needed to be made to Minute 234 to state that an observer had attended on behalf of Mrs L Johnson, not Mr Edwards who had been present.

RESOLVED: That the minutes of the meeting held on 15 April 2016, as amended, be confirmed as a correct record and signed by the Chairman.

247. ELECTION OF CHAIRMAN OF THE BUDGET WORKING GROUP

RESOLVED: That Mr N Griffiths be elected Chairman of the Budget Working Group for the ensuing year.

248. BUDGET WORKING GROUP

The Forum considered the report of the budget working group (BWG) on the following matters: consultation proposals for the 2017/18 schools budget; maintained schools five year budget planning; the government's early years funding consultation; dedicated schools grant (DSG) outturn for 2015/16 and a funding bid for social, emotional and mental health work with NEETS (young people not in education, employment or training); and the position of five maintained schools which were in excess of the 25% balance cap.

The Chairman thanked members of the BWG and officers who provided support to it, remarking on the complex task that the BWG had to undertake.

The School Finance Manager (SFM) presented the report. He highlighted the following principal points:

National Schools Funding Formula (NSFF): The stage 2 school funding consultation was now expected in autumn 2016. The new national formula values were proposed to take effect from April 2018 rather than September 2017. The DfE would undertake further consultation on the detail. The council was working with the F40 Group on the matter. In the meantime it was proposed that the same Herefordshire funding values for 2017/18 would be used as for 2016/17 as an interim measure. This would maintain financial stability for schools prior to consideration of the DfE proposals and avoid the need to reverse any changes. Draft budgets had been issued to schools.

He commented that it was becoming increasingly difficult for schools to absorb rising cost pressures. The outcome of the government's review of early years funding had produced a very disappointing outcome for Herefordshire moving it to the second lowest funded authority for early years. Without the ability to charge top up fees the proposed funding would not reflect the current costs of provision as reported by providers in Herefordshire. A similar methodology (base funding and a multiplier based on an area cost adjustment) was being proposed by the DfE for the NSFF. His inclination was that

the expectations that the formula change would benefit Herefordshire may turn out not to have been well-founded.

Education Services Grant (ESG): The SFM referred to the savings proposals to meet the government's reduction in the grant given to all local councils to fund statutory education duties, as set out at paragraphs 4 and 5 of the report. He noted that a consultation paper including the savings proposals had been issued to all schools. The ESG would be confirmed in December. The Forum would be asked to make a final recommendation on the savings proposals in January 2017.

The council had always been a high delegating authority and in the lowest quartile of local authorities for central costs. Every avenue to achieve efficiency and economy savings had been explored. The council was proposing to meet over half the required reduction in ESG. This had to be viewed in the context of a situation where the council was being required to make further budget reductions of £28m over the next 4 years, with £59m of reductions having already been delivered since 2010. Over 10 years this meant savings of £87m on a £140m revenue budget.

The council considered the proposals were pragmatic. Schools had been invited to put forward alternatives.

The Assistant Director (AD) – Commissioning and Education commented that a number of organisations were lobbying government about the ESG cut. Some authorities, such as West Sussex County Council were intending to seek to ask schools to meet the whole cost of the reductions. Herefordshire had sought to develop a balanced proposal. He noted that the authority had already implemented changes over the years that meant it was not facing the scale of change that many other authorities were having to address. The council had to plan on the basis the reduction would need to be made.

Maintained School Balances. The SFM explained the circumstances of the five maintained schools whose balances currently exceeded the 25% balance cap. He considered no further action was needed, noting that the schools' business plans all indicated that balances would be below the threshold by the end of the financial year.

In discussion the following principal points were made:

- Schools in West Sussex were indicating that they could not make the reductions the government was proposing. Herefordshire had already been disadvantaged as a consequence of being a high delegating local authority. It was asked when the point would be reached when Herefordshire would take a stand. The AD commented that the council was lobbying through MPs and the F40 group, but the situation was difficult and this was reflected nationally. At the same time it was prudent for schools, forum and the council to plan for the cut taking place and the council was seeking to address the cut as a reduction to the county as a whole not just the school sector.
- It was important that everyone responded to the budget consultation. Forum members were encouraged to urge colleagues to engage with the consultation.
- Schools needed to be proactive in considering options available.
- Schools needed to consider very carefully what class sizes would be viable in future.
- In response to concerns expressed about the financial pressures schools faced and an absence of alternative options in the report, the SFM clarified that the BWG had explored and tested the proposed options and concluded that they represented the best way forward, subject to the outcome of the consultation.

The Chairman thanked the Chairman of the BWG and the SFM for their work.

RESOLVED:

- That
- a) all schools be asked to set a balanced budget by March 2021 and a joint letter from the schools forum and director for children's wellbeing, should be sent to schools in line with previous 'looking to the future' letters;
 - b) the DSG outturn for 2015/16 be noted and in particular that without the one-off £335k rates funding, DSG would have been £60k overspent and that subject to (c) below the balances be carried forward to support future years DSG;
 - c) the £30k bid for SEMH (social emotional mental health) funding for NEETS for 2016/17 be approved as a one off sum in view of the pressure on high needs budgets;
 - d) it be noted that a report on special schools funding would be submitted to the BWG; and
 - e) no further action be taken in relation to those schools previously in excess of the 25% balance cap given the progress made and the forecast budget pressures faced by schools in the medium term.

249. LOOKING TO THE FUTURE - INTERIM PROPOSALS

The Forum received an update on the interim proposals from the Task and Finish Groups (TFGs) it had appointed to consider four broad service areas and was invited to refer them to the Budget Working Group (BWG) and the Education Strategic Board for comments in accordance with the groups' terms of reference.

High Needs

Mrs Catlow-Hawkins, co-chair of the high needs TFG, provided an update. She reminded the Forum that the TFG had already made a detailed report early in the year proposing significant savings on the 2016/17 high needs budget. A further report was scheduled to be made to the Forum in December.

Capital

The Assistant Director (AD) – Commissioning and Education commented that the Herefordshire Capital Investment Strategy sought to pool the small amount of capital funding available and make use of resources from other sources. Schools would shortly receive a letter on progress overall. In relation to special needs provision some capital works had been carried out. The council was working with headteachers to consider further provision having regard to the number of places that would be required and the implications that had for capital expenditure.

Outcomes

The AD commented that since the establishment of the TFG there had been a number of changes to government funding e.g.: the proposed reduction in Education Services Grant. The intention was to move forward with schools through a school improvement partnership. As part of this process it would be necessary to be clear as to what support schools would value so that available resources could be targeted and schools could be clear about what they would buy that would add value. He considered that there was scope to be more proactive in seeking to address emerging issues in the County.

Early Years

Mrs J Rees co-chair of the Early Years TFG presented the report. She highlighted the proposals set out at page 51 of the agenda papers including proposals for spending the £890k early years underspend. She emphasised that it was important that the proposals for the use of the underspend were sustainable in the longer term. She envisaged it taking 2-3 years to embed the proposed programme and it would then be a case of the early years providers and schools working together to sustain it. This did entail challenges and the potential for redundancy costs was one thing that needed to be considered.

An early years representative commented that the current funding for early years did not meet the cost of provision. She also questioned the validity of setting funding rates by comparing rates with neighbouring authorities.

Next Steps

It was proposed that following consideration of the TFG proposals by the BWG and the Education Strategic Board that a further report should be made to the Forum. There was agreement that consultation should also take place with school governing bodies.

RESOLVED:

- That
- (a) **proposals be referred to the Budget Working Group and the Education Strategic Board with a further report to the Forum in March 2017; and**
 - (b) **final proposals should be subject to a final consultation with school governing bodies in March/April 2017 prior to approval by Schools forum in summer 2017.**

250. MEMBERSHIP OF SCHOOLS FORUM

The Forum reviewed the membership of the Schools Forum and the Budget Working Group.

It was noted that the Forum had agreed to undertake an annual review to ensure that the membership remained consistent with the requirement that primary schools, secondary schools, and academies must be broadly proportionately represented on the Forum.

RESOLVED:

- That
- (a) **it be noted that no amendment to the membership of the Forum is required, as set out at appendix 1 to the report; and**
 - (b) **it be agreed that no amendment to the membership of the Budget Working Group is required, as set out in appendix 1 to the report.**

251. WORK PROGRAMME

The Forum considered its work programme.

A request was made that clarity be provided as part of the proposed report on the Forum's Constitution on the arrangements for electing school governor representatives.

RESOLVED: That the Work Programme be noted.

252. MEETING DATES

Noted.

T BROWN - GOVERNANCE SERVICES

The Chairman reported that Tim Brown would no longer be clerking the Forum and thanked him on behalf of the Forum for his work.

The meeting ended at 10.40 am

CHAIRMAN



Meeting:	Schools forum
Meeting date:	13 January 2017
Title of report:	Budget working group
Report by:	School finance manager

Classification

Open

Key decision

This is not an executive decision.

Wards affected

County-wide.

Purpose

To agree the following matters:

- Special school funding
- School budget consultation responses
- Commissioning approach for the early years two year underspend

Recommendation(s)

THAT:

- i. funding values for schools are maintained at the same values as 2016/17**
- ii. primary maintained school trade union facilities, ethnic minority support, free school meals administration and the school budgeting software licence are de-delegated at the rates set out in the consultation paper**
- iii. to reduce the cost of council's corporate services and education and commissioning services, by the amounts set out in the consultation paper with regards to the reduction in the education services grant (ESG)**
- iv. redundancy costs be charged directly to the maintained schools that**

Further information on the subject of this report is available from Malcolm Green, school finance manager, on Tel (01432) 260818

incur them; with loans available from the council to assist in spreading the cost

- v. **maintained school budgets be top sliced by £15 per pupil to cover statutory duties carried out by the council**
- vi. **to carry out further work to develop proposals for special schools funding for 2017/18**
- vii. **new service level agreements (SLAs) for all schools are introduced to cover safeguarding and pupil wellbeing, including data analysis; these will be for a period of one year and will be reviewed on an annual basis before being agreed for the following year; and will be between the council and all schools**
- viii. **schools forum confirms its support for the commissioning of a targeted 0-5 speech and language service, an infant mental health project (and agree that in the event the infant mental health project is not in a position to be commissioned by September 2017, the funds allocated to the project be redirected to the targeted speech and language project) and the provision of training and/or conferences to early years practitioners and parents by the early years improvement team**

Alternative options

1. Alternative options were fully set out in the schools consultation paper as at appendix 2. The BWG accepted the recommended proposals based on the schools consultation responses and the need to avoid undue funding changes which might be subsequently reversed by the national schools funding formula.

Reasons for recommendations

2. To ensure the best use of the funds available to meet local priorities.

Key considerations

Special school funding proposal

3. The BWG received a presentation on the current position of and future pressures on special school budgets. A copy of the slides used are set out in Appendix 1.
4. The following points were highlighted:
 - similar financial concerns were raised by most special schools
 - there was increasing pressure on the high needs budget
 - special schools faced similar pressures to mainstream schools, such as rising pension costs
 - around 90% of special school income was spent on staffing costs, this was not typical of mainstream schools
 - half of special school budgets were driven by the fixed place value, currently £10,000, which was fixed by the Department for Education (DfE)
 - the council had increased tariffs to help meet increasing costs but there had not been any increase in the fixed place value
 - the same pressures and issues with fixed income applied to the pupil referral unit (PRU)

5. The BWG has previously considered individual maintained school budget plans as submitted to the council in June 2016. All special schools were projecting in-year deficits over the next five years.
6. The council was exploring long term options to achieve savings for the special schools such as increased sharing of resources, shared management structures and possible conversion to a Multi Academy Trust (MAT). These options would require time to explore and implement. It was noted that a bid had been submitted to open a 16-19 free school on the Broadlands site. A decision was still awaited from the DfE.
7. Details of the potential funding available was shared with the BWG and which may be available to provide an uplift to the tariffs for 2017/18. This was based on a conservative estimate of the additional high needs block funding expected from the DfE, reallocation of other funding and potential savings.
8. It was noted that this option was a rough but even handed solution based on inflation of costs. The proposed solution would meet 97% of the inflationary increase. It was unlikely that the council would receive enough additional funding from the DfE to fully meet the rising costs. An announcement was expected in December.
9. It was stressed that the council and BWG wanted to continue to adhere to the principle of keeping each funding block separate. The proposal put forward did not require money to be taken from mainstream schools or from early years although the proposed option would not resolve the underlying funding issues. It would buy time to allow schools to find more efficient operating procedures.
10. In discussion the following points were made:
 - Westfields and Barrs Court are in quite old buildings that are costly to run.
 - An independent review had been commissioned in 2015. Some savings had been identified but not all of the suggestions had been implemented. The Head of Additional Needs noted that the council had been disappointed with the report as it had given few examples of comparable schools elsewhere in the country. However, it was likely that other council areas were facing the same pressures and were considering similar solutions.
 - There was discussion as to whether a further report should be commissioned, but there was doubt that a new report would identify any options that had not already been noted.
 - It was suggested that the special schools needed to look at shared leadership arrangements and that opportunities had been missed when staff retired or moved on. This was felt to be the only remaining avenue to deliver significant savings.
 - The amalgamation of the PRU under a single management structure reduced costs by around £100,000 per annum by eliminating areas of duplication. However, the PRU was still under budgetary pressure.
 - It was noted that there was a lack of input from health for children with medical needs. School nurses had been withdrawn leading to teaching assistants, by necessity, being trained in complex medical interventions. The HAN reported that this was being escalated with the Herefordshire Clinical Commissioning Group (CCG) as new arrangements were supposed to have been in place from September 2016.

Further information on the subject of this report is available from
Malcolm Green, school finance manager, on Tel (01432) 260818

- Meetings had taken place between the special school heads, but that these had not been as productive as hoped. It was suggested that all the special school heads be invited to attend a meeting of the budget working group early in 2017, to discuss options for shared management structures and any other proposals they wished to put forward.
11. The BWG agreed to invite the heads of all the special schools to attend an additional meeting of the budget working group in January 2017, to present options on how to address the budgetary pressures on special schools; the outcome of this meeting will be presented to schools forum at a subsequent meeting.

Schools budget consultation

12. The response to the 2017/18 schools budget consultation, attached as appendix 2, is summarised as follows:
- the majority of respondents supported maintaining funding values at the same level as 2016/17
 - the majority of respondents supported the de-delegation as proposed
 - the proposed cuts to the council's corporate services were supported
 - there was a preference for redundancy costs to be charged directly to the maintained schools that incur them with support for the provision of loans from the council to help spread the cost
 - the majority of respondents supported the top slice of £15 per pupil for maintained schools to cover statutory duties carried out by the council
 - the majority of respondents supported the new SLA proposals for all schools that cover safeguarding and pupil welling
 - the council would make clear what the statutory safeguarding elements were and what is chargeable additional help and support
13. The announcement on Dedicated Schools Grant on 20 December 2016 confirmed the ESG reduction.

Commissioning approach for the early years two year underspend

14. At its meeting in October, schools forum approved in principle the allocation of the two year underspend of £890,000 to three services. It is intended to have the services running by September 2017. If the underspend is not used by then it remains open to schools forum to reallocate the underspend.
15. Service 1 – targeted speech and language support for 0-5 years budget working group recommended that the service be commissioned through the open market to secure best value. The contract price would include any redundancy costs to avoid any additional expenditure at the end of the project.
16. Service 2 – delivery of training to early years practitioners and parents around specific identified gaps – budget working group recommended that the service be centrally retained and managed through the early years improvement team.
17. Service 3 – the benefits of the infant mental health project are still being explored and that value for money has still to be demonstrated. The project would require match funding from other sources, which had not yet been identified. Although the evidence base did support such a project being delivered, it is recommended that if by September 2017 the project was not in a position to be commissioned, the £100,000 funding be redirected to the speech and language project to avoid the risk of clawback.

Community impact

18. Increasingly, school and education funding is directed by government and the opportunity to consult with schools and the wider community has significantly reduced. Consideration of the impact on communities in Herefordshire is being undertaken at a national government level.

Equality duty

19. The Equality Act 2010 established a positive obligation on local councils to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics'. In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
20. Where a decision is likely to result in detrimental impact on any group with a protected characteristic, it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. Equality impact assessments will be carried in the effected areas depending on the outcome of this decision.

Financial implications

21. There are no direct financial implications and in any case expenditure on school budgets, early years and high needs will not exceed the funding available within the Dedicated Schools Grant. The council has a long standing scheme of providing loans to maintained schools for both capital and revenue purposes that is self-funded from school balances.

Legal implications

22. To ensure legal compliance with Schools Forum Regulations 2012. School forums generally have a consultative role. However, there are situations in which they have decision-making powers. Regulations state that the council (Local Authority) must consult the schools forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non-schools members except for Private, Voluntary and Independent (PVI) representatives. Voting on de-delegation and the education functions for maintained schools is restricted to maintained school members only.
23. Section 10 of the Schools Forums (England) Regulations 2012 sets out the local authority's duties to consult with the Schools Forum on school funding issues. The Education Funding Agency provides a summary of powers and responsibilities of schools forums which includes decisions it can make on proposals put forward by the local authority.
24. In all other cases the final decision will be referred on to the relevant Cabinet member.

Risk management

25. The BWG reviews proposals in detail prior to making recommendations to the schools forum. This two stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified. To ensure that the underspend is used promptly schools forum will re-allocate any surplus funding.

Consultees

26. All maintained schools, academies and free schools in Herefordshire have been consulted in autumn 2016 on the school budget proposals for 2017/18. The BWG developed and approved the consultation paper prior to distribution and the outcome of this consultation is appended at appendix 2.

Appendices

- Appendix 1 – Special school funding overview
- Appendix 2 - Schools budget consultation 2017/18 - responses

Background papers

- None identified.

Special School Funding - Background

- All schools are making savings to meet rising costs
- LA special schools made savings for 2016/17
- How far can efficiencies be taken? When do we need to find more money?
- Financial concerns raised by most special schools
- BWG studied LA school budget forecasts last meeting
- October Schools Forum agreed to recommendation that BWG look further at special school funding
- Autumn schools consultation paper noted increasing pressure on high needs budgets, rising costs and difficult decisions ahead for the high needs block funding

Special School Funding – Summary

- As with all schools, salary costs increasing due to cost pressures e.g. pension costs
- Specials Schools have two income streams
 - Half from high needs tariffs
 - Half from the fixed £10,000 place value
- Typically 90% of income spent on staffing, half on teachers and half on TAs/support staff
- Tariffs have been increased to help meet increasing costs but half the income is fixed as the DfE have not increased the £10k place amount
- So cost pressures 13% in last two years but 2.5% funding increase – similar in mainstream.
- Same pressure/same fixed cost problem in PRU

Special school budget plan

Barrs Court

1. Barrs Court	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Opening Balance	571	623	688	638	567
Income	2,309	2,170	2,107	2,134	2,117
Expenditure	2,257	2,106	2,157	2,206	2,236
Net -in-year	52	64	-50	-71	-119
Closing Balance	623	688	638	567	447

Special school budget plans

Blackmarston

20

2. Blackmarston	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Opening Balance	73	33	-45	-150	
Income	1,621	1,617	1,617		
Expenditure	1,661	1,695	1,722		
Net -in-year	-40	-78	-105		
Closing Balance	33	-45	-150		

Special school budget plans – Westfield

3. Westfield	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Opening Balance	93	33	-23	-85	-166
Income	1,023	1,022	1,022	1,022	1,022
Expenditure	1,083	1,078	1,084	1,103	1,120
Net -in-year	-60	-56	-62	-81	-98
Closing Balance	33	-23	-85	-166	-264

Special school budget plans – Brookfield

4.Brookfield	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Opening Balance	25	4	-30		
Income	1,540	1,532			
Expenditure	1,561	1,566			
Net -in-year	-21	-34			
Closing Balance	4	-30			

Special school In- year deficits

In Year Deficits	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Westfield	-60	-56	-62	-81	-88
Blackmarston	-39	-79	-106	?	?
Brookfield	-21	-33	-40?	?	?
Barrs Court	52	64	-50	-71	-120
Total	-68	-104	-258	-152	-208

Longer term plans

- As with other schools, need to explore with the schools/GBs a variety of cost-saving collaborative measures
- What are the options? Sharing of resources? executive headship? Staffing functions? etc
- Single LD special school MAT? How could this work?
- Need to separate decisions about staffing structure from where provision is located – latter links to Capital Investment Strategy
- What is the relationship between mainstream and special?
- Recent bid to open a 16-19 free school on Broadlands site subject to to DfE approval in order to attract capital – Needs to be part of an overall agreed vision for county

Special school Tariff percentages

	A	B	C	D	E	F
Barrs Court	0.0%	0.9%	28.2%	30.0%	34.5%	6.4%
Blackmarston	0.0%	0.0%	15.3%	30.6%	38.9%	15.3%
Westfield	0.0%	3.6%	47.3%	27.3%	20.0%	1.8%
Brookfield	0.0%	0.0%	51.9%	45.7%	1.2%	1.2%

Pupil high needs tariffs

	A	B	C	D	E	F	Total
Barrs Court	0	1	31	33	38	7	110
Blackmarston	0	0	11	22	28	11	72
Westfield	0	2	26	15	11	1	55
Brookfield	0	0	42	37	1	1	81
Total Special	0	3	110	107	78	20	318
Other schools	84	48	153	19	0	0	304
Total	84	51	263	126	78	20	622

Cost pressures from April 2015

- National insurance +3.4%,
- teachers pensions +3.8%,
- LGPS +11%,
- pay +3.3%

Using staffing ratios in schools this gives

- specials +12.74%
- mainstream +9.76%

Uplift inflation by 9/5 in special schools to include all staffing costs i.e. adjust by fixed £10k place value and pro-rata in mainstream (i.e. $9/5 \times 0.6$) less the 2.9% funding uplift given to mainstream schools

Uplift original tariffs by cost inflation

Tariff	Sep-14	School	To meet costs	Affordability	Indexed 2016/17
	£		%		£
A	1,280	Pri/Sec	14.86%	0.970	1,426
B	3,150	Pri/Sec	14.86%	0.970	3,509
C	5,225	Pri/Sec	18.06%	0.970	5,984
D	8,075	Spec	22.93%	0.970	9,629
E	11,400	Spec	22.93%	0.970	13,594
F	15,200	Spec	22.93%	0.970	18,125

Plus add 1% for uplift to 2017/18 values from 1st April 2017

Potential funding difficulties

Cost of proposal 2017/18	Special	311,951
	Mainstream	129,083
	PRU	43,502
	Total	484,535
Potential funding available		
Additional DSG from DfE mid-Dec 2016, may be		225,000
Re- use funding from Keilder centre (incl reserves for one year)		110,000
Potential savings from primary SEN Protection scheme		75,000
Reallocate DSG start-up funding for in-county places		100,000
Home hospital overspend		-25,000
	Total	485,000

Estimated Impact

Proposed Action	Proposed increases		Funding target
	£		£'000
Westfield	47,300		60
Blackmarston	83,992		80
Brookfield	66,217		40
Barrs Court	114,440		60

Possible tariffs 2017/18 subject to funding

Tariff	2016/17	2017/18	Increase	increase
	£	£	£	%
A	1,310	1,440	130	9.9%
B	3,250	3,545	295	9.1%
C	5,500	6,044	544	9.9%
D	8,630	9,725	1,095	12.7%
E	12,400	13,730	1,330	10.7%
F	16,790	18,307	1,517	9.0%

What next?

- Wait for DSG Announcement in mid December
- Expenditure forecast on DSG for this year small underspend of £100k
- How do we decide what's fair and reasonable?
- How do we decide what's affordable?
- Any refinements to the plan?
- Must be funded from high needs block as per principles of keeping each funding block separate
- Decide in Jan/Feb 2017
- Any questions??

NATIONAL SCHOOL FUNDING FORMULA 2017/18

CONSULTATION RESPONSE FORM



The budget response form must be returned by:
12pm on 4th November 2016 to:
School.funding@herefordshire.gov.uk

Q1: SCHOOL FUNDING VALUES 2017/18	Yes	No
<p>Do you agree with the proposals to maintain the school funding values at the same values as 2016/17 to ensure budget stability for Herefordshire schools?</p> <p><i>Note: Business rates will be funded at cost with an expected increase of 2%. PFI costs will increase by £25,000 as approved by Schools Forum to cover contracted inflation.</i></p>	23	2
Additional Comments		
<p>Blackmarston - We would prefer to see additional funding coming into schools in 2017/18 to cover increasing cost pressures. However we are realistic and understand that there is no additional budget available at this time. So therefore realistically we have to agree to the proposals to maintain the school funding values as 2016/17.</p> <p>Ivington - We agree in principle. However, schools cannot continue to maintain the same level of service in the face of increased pressure on their budgets year on year. we are concerned that cost saving measures such as cutting back on staff will have an impact on academic achievement.</p> <p>Aylestone, Broadlands and Withington - Maintaining the 2016/17 values means all pay and cost inflation has to be absorbed by the school. While there is little choice but to accept this recommendation, pressure should be put on Central Government to demand that all inflationary increases, particularly pay factors are funded as an absolute minimum. In addition pressure should be put on Central Government to ensure the National Funding Formula recognises the increased cost of providing education in rural localities.</p> <p>Earl Mortimer College - Accept that the 2017-18 funding year will be in a holding position prior to the NFF introduction</p> <p>Weobley High and Primary - Yes, in principle. At least this gives us a baseline for budgeting/forecasting purposes. Still very unhappy having to subsidise increasing PFI costs. This seems to very much contradict the other budgeting principles outlined.</p> <p>Luston - There is no chance to do otherwise and this will be overtaken by National Funding Formula proposals for later years.</p> <p>Shobden - The governors believe this is the most sensible way forward until there has been some movement on funding the formula nationally.</p> <p>Colwall - Schools that are in receipt of the same funding whilst incurring increasing mandatory staff costs do not</p>		

have budget stability.

Ewyas Harold - I cannot think of an alternative proposal given the funding cuts.

Q2: DE-DELEGATION	Yes	No
As in previous years, it is proposed that the following services should be de-delegated for local authority maintained schools:		
A) trade union facilities Primary only – Charged at £3.50 per primary pupil	20	3
B) Ethnic minority support – secondary and primary – Charged at £1.12 per pupil, £6.60 per Ever-6 FSM pupil and £107 per EAL first year pupil.	23	2
C) free school meals administration secondary and primary - Charged at £4.51 per Ever-6 FSM pupil	24	1
D) School budgeting software licence estimated at £350 per school	25	0
<p><i>Please answer individually for each service. Please note that de-delegation will continue to apply for the above services. The impact of the ESG cuts and local authority statutory services are considered in section 5</i></p>		
<i>Additional Comments</i>		

Barrs Court - as an academy school it would be unfair of us to comment.

Earl Mortimer - Agree to current de-delegation for next year. Would welcome some assurance there will be no hidden cost relating to the budgeting software and that any support relating to the use of the software is separately visible within the Hoople or council SLAs.

Luston - I imagine that the trade union facilities will increasingly come under pressure if there is growth in academies. It would be helpful for primary schools to be told what they now get under this heading - but for this year I agree that all these areas should be regarded as de-delegated.

Ashfield Park - Trade Union facilities is the only service which questionably should not be de-delegated.

Ewyas Harold - I assume de-delegation provides a cheaper service for schools given the economies of scale that the LA can negotiate,

Q3: EDUCATION SERVICES GRANT REDUCTIONS	Yes	No
1. Do you agree with the proposals to make cuts in the council's corporate services and in education and commissioning services as follows: A) Corporate services £500K B) School Improvement fund £47k C) Increased SLA costs £53k	21	1
2. £200k School redundancies for maintained schools, do you prefer either; A) charged directly to the maintained schools that incur them; or B) top sliced from maintained schools budgets at £15 per pupil to be retained by the LA to meet costs C) Do you support the provision of loans from the local authority to help spread the cost of redundancies over a five year period?	19	5
3. £200k budget top-slice of £15 per pupil for maintained schools only to cover statutory duties carried out by the local authority	6	18
4. £200k new SLA proposals for all schools that cover safeguarding and pupil wellbeing, including data analysis	21	3
<i>If you disagree with the above proposals, please suggest alternatives that permit the council to continue to meet its statutory responsibilities on behalf of maintained schools with no Education Services Grant</i>	16	9
<i>Additional Comments</i>		

Almeley - Reluctantly, I do not see any other option unless we can change the government's philosophy on funding. The ESG provides essential support for schools, the government needs to be held to account over its actions to cut this budget. Schools have already made enormous cuts. I believe a letter should be written and signed by the LA and as many heads as possible, with the clear impact on our already deprived and underfunded area of the country. These letters should be sent to all pressure groups, MPs, the media etc. The media needs to know that despite claims that the government is protecting the Schools budget that in real terms it is being eroded. We need a huge campaign to stop a political philosophy damaging the education of the next generation.

Blackmarston - We do not agree with having to make these cuts however we recognise that this is probably the only way forward in the current climate. We recognise that these costs will have to be incurred, but also are very concerned that with no increase in school budget we will be expected again to find further funding to cover new costs.

Westfield - re (3) Schools can use their money to buy these in from elsewhere, or the council can make further cuts to its departments as has been the case elsewhere. Statutory implies that this has to be carried out, but £15 per pupil will lead to schools being potentially unable to carry out their own statutory duties safely.

Westfield re(4) Schools take greater responsibility for their own safeguarding using systems in existence, and contact social care directly where necessary. If an SLA is in place, individual schools will be able to buy if they choose.

Ivington - re 2a and 2b - it is difficult to make an informed choice without knowing how many years the top slicing would be expected to continue and the basis on which loans would be made e.g. interest rates.

Aylestone, Broadlands, Withington - While agreeing with the proposals we would like to see a higher value of corporate savings being pursued through a robust and exhaustive review of all costs. We propose that interest free loans should be available for schools to help pay redundancies. We disagree with the top-slicing from schools to pay for statutory duties. It has not been made clear exactly what services schools get for this cost which are not already covered by existing SLAs. Such top slicing cannot be sustainable, instead internal efficiencies should be further explored.

Barrs Court - There is a statutory duty for the LA to provide a service that receives safeguarding referrals.

Lea & Gorsley Goffs - I feel that schools have had plenty of warning about redundancy costs and should incur costs themselves rather than top slicing all schools.

Earl Mortimer - Corporate and other service cuts are welcomed as these could not be afforded from the school budgets. Self funding of redundancies for maintained schools is supported by EMC and the safety net of loan facilities will provide time for schools to adjust their budgets whilst paying the severance costs over a longer period. Whilst agreeing with the principle of SLA proposals, we would expect complete transparency for schools to understand precisely what is contained in each element of the SLAs to be offered and how much service schools can expect for the money paid.

Our Lady's - Q3 (1) - We do not feel that we can give an opinion on this at the moment as we do not have enough details. Q3 (4) - We would need more understanding of how this would work to enable us to give an opinion.

Weobley High and primary - Q3 (2) We strongly feel that redundancy costs should be met by schools making the redundancies rather than spread across schools who may have budgeted more efficiently. Q3 (3/4) These are clearly additional and significant costs which schools will need to address. Although we understand that there is no money, we are concerned that it is becoming increasingly impossible to run schools with such financial restraint. This cannot continue and due representation will need to be made. We are now beginning to consider options which mean that we are not fulfilling our statutory duties.

Luston - Q3(1) A - In relation to this question, we welcome the approach suggested to take £500k from Corporate Services but remain concerned about the lack of detail about what this would actually entail. Clearly, if some of this reduction leads to a shunting of pressure to other funds which could affect schools, this would be undesirable. Q3 1(B) We recognise that Herefordshire has already moved to the position being suggested by the DfE, and therefore the scope for any reductions is very limited. However, we accept that some saving can be made. Q2 A- We simply don't see how this could be achieved in small schools without significant effect on other provision. As you will be aware, a very small drop in pupil numbers could lead to the need to reduce staffing, hence we reluctantly favour B. However, it would be helpful to know in what circumstances any centrally held payments would be used and seek assurance that any redundancies occasioned by reductions in budget are fully justified and, where appropriate, supported by a curriculum analysis. In the light of the Secretary of State's recent announcement, we assume that the Authority will be pressing for a reversal of this overall reduction in ESG since it would appear that the LA must now continue with its statutory duties.

Pencombe - I cannot agree to the cost of safe guarding being charged for as it could be detrimental to a child's life. I know that this is something that other local authorities are starting to do, but what if someone slips through the net in Herefordshire because a school hasn't bought into the SLA and can not afford to spend the necessary money from the budget? This is something that ALL schools, no matter what their financial status should have access to as it is for ALL the children in Herefordshire.

Bishop's - Q3 (2) - qualifying our Yes - only if the school concerned has actively engaged with the LA and followed advice to reduce/minimise the impact of any redundancies Q3 (3) - could internal audit be an SLA? - our experience is that whilst we have been paying this we have not had anything re internal audit since 2011. Should strategic HR be an SLA given we already pay an additional SLA for HR plus the add on Trade Union Facilities or per policy payment.

Shobden - A) the governors felt there was not sufficient information to know whether these savings are sustainable and therefore to be able to provide a well informed response. (C) - The governors agreed in principle but were not entirely sure what the savings would entail. (D) - the governors were confused as this is a statutory entitlement for all schools and puts the LA into an invidious position.

Colwall - re 3 - We would like to see other options considered. Re 4 - Safeguarding is a statutory duty and should not be part of a SLA.

Eywas Harold - My impression is there is little choice in these decisions - constrained as we all seem to be by central budget cutting. Charging schools directly for redundancy costs seems preferable to top slicing because this encourages schools to plan staffing wisely. The alternative might result in a less considered approach to staffing by some schools in the knowledge that the council will pick up the redundancy tab if cutbacks become necessary.

[Empty rectangular box for content]

Name

School

Signed

Date.....

Please return to school.funding@herefordshire.gov.uk by
12pm 4th November 2016.



Meeting:	Schools forum
Meeting Date:	13 January 2017
Title of report:	Dedicated schools grant 2017/18
Report by:	School finance manager

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide.

Purpose

To agree final budget proposals for recommendation to the Cabinet member for school budgets within the Dedicated Schools Grant (DSG) for 2017/18. *(The recommendations below represent the council's preferred option(s) upon which the budget working group (BWG) will be consulted on 6 January 2017. A supplementary report from the BWG will also be issued separately in the week commencing 9 January 2017 to confirm their recommendations.)*

Recommendation(s)

THAT:

The local application of the National Funding Formula for 2017/18, as set out in the consultation document and as below, be recommended to the Cabinet member for young people and children's wellbeing as follows:

- (i) the final school funding values be agreed as follows, unless amended as in (ii) below:
- | | |
|--|--------|
| 1. Basic entitlement per primary pupil | £2,875 |
| 2. Basic entitlement per secondary key stage 3 pupil | £3,843 |
| 3. Basic entitlement per secondary key stage 4 pupil | £4,436 |
| 4. Deprivation per primary ever 6 free school meals pupils | £2,192 |

Further information on the subject of this report is available from Malcolm Green, school finance manager, on Tel (01432) 260818

5. Deprivation per secondary ever-6 free school meals pupil	£1,419
6. Low prior attainment per primary pupil	£615
7. Low prior attainment per secondary pupil	£1,121
8. Primary lump sum	£87,000
9. Secondary lump sum	£143,000
10. Looked after children, primary and secondary	£1,300
11. Primary sparsity, on a taper basis, over two miles and less than 105 pupils	£42,000
12. English as additional language per primary pupil	£505
13. English as additional language per secondary pupil	£1,216
14. Private finance initiative (PFI) contract	£267,500
15. Business rates	At cost

(ii) subject to the final DSG settlement and the BWG proposals, the savings from the national business rates revaluation exercise and the Minimum Funding Guarantee be used to support the implementation of the national school funding formula by choosing one of the options as follows;

- a. increasing the primary lump sum; or
- b. increasing the values of primary and secondary low prior attainment; or
- c. increasing the primary lump sum and a lesser increase in primary and secondary low prior attainment

(iii) local council maintained school members of the schools forum, be asked to approve the de-delegation in 2017/18 of funding for trade union facilities (primary schools only), ethnic minority support, free school meal administration and software licence costs for the financial planning software

(iv) subject to the final DSG settlement and the BWG proposals, that the £1.1m Education Services Grant savings be achieved by:

1) a £600,000 reduction in the council's corporate services and in education and commissioning services, for example:

a. Reduction in corporate overheads	£500k
b. Reduction in education and commissioning central school improvement funds	£47k
c. Efficiency savings in council service and full cost recovery	£53k

Further information on the subject of this report is available from Malcolm Green, school finance manager, on Tel (01432) 260818

2) £200,000 of school redundancies, including the early release of pension costs, for maintained schools to be:

- a. charged directly to the maintained schools that incur them; and
- b. loans from the local council be offered to help spread the redundancy cost over a five year period.

3) a £200,000 budget top-slice of £15 per pupil for maintained schools only to support effective school management and cover statutory duties carried out by the local council

<u>Service for local council maintained schools</u>	<u>£'000</u>
Governor services- support for schools	24
Monitoring national curriculum assessment	20
Internal audit	30
Strategic HR	30
Strategic finance	30
Standing Advisory Council on Religious Education (SACRE)	6
Property landlord duties	30
Exceptional redundancy costs	30
Total	200

4) a £200,000 service level agreement is introduced for all schools to cover safeguarding and pupil wellbeing at a cost of £8 per pupil

(v) that the retained services Education Services Grant of £360,000 be used to provide statutory services to all maintained and academy schools

(vi) that the central school services block of £300,000 be used to meet the costs of national licences for schools, admissions and schools forum in accordance with Department for Education (DfE) guidance.

Alternative options

- 1 Options for the primary lump sum and low prior attainment were considered in detail by the budget working group (BWG) on 6 January 2017 and the BWGs views are set out in the supplementary report. (To follow)

Reasons for recommendations

- 2 The council is required to submit the final 2017-18 school budget formula and funding values to the Education Funding Agency by 20 January 2017. The high needs budget proposals are dependent on further consideration of special school funding by the BWG later in January and subsequently by Schools Forum in March 2017.

Key considerations

- 3 The BWG reported to the schools forum in October, that further work was necessary to determine the funding allocation to special schools for 2017/18. Detailed consideration will be given to the availability of funding and the balance of need within the high needs block by the BWG later in January 2017 and a funding proposal will be developed for schools forum's consideration on 10 March 2017. Much will depend on the extent to which the DfE increases funding in the high needs block. The DSG

Further information on the subject of this report is available from Malcolm Green, school finance manager, on Tel (01432) 260818

settlement is not expected until mid-December and the implications will need to be considered in detail by the BWG.

- 4 The recommendations in this report will be considered by the BWG on 6 January 2017 and the outcome of its considerations will be published as a supplement to this agenda setting out the BWGs recommendations regarding the final school funding values in light of any unexpected consequences arising from the DSG settlement.

Dedicated schools grant and final schools budget 2017/18

- 5 The BWG will advise on any necessary amendments should changes to the proposed schools budget previously set out in the autumn schools budget consultation be required. The DSG funding assumptions underlying the proposed budget are set out below.

- 6 Dedicated Schools Grant 2017/18 was announced on 20 December 2016. The recommendations in this report are based on the final DSG settlement of:

a. Schools block		£'000
21,760 pupils at £4,463.11		97,120
less central schools block		300
National licences	127	
Schools forum	12	
Admissions	145	
Unallocated*	16	
less retained education services grant		350
Available for distribution to schools		96,420

*To fund overspend on schools block reference £8,000 property lease cost

b. High needs block		
Protected at 2016/17 level 1		3,970
Additional allocation for 2017/18		0,360
Less deducted at source by Education Funding Agency (EFA) for places		-2,050
High needs block available to spend		12,280
c. Provisional early years block		
Three and four year olds funding at £4.30 per hour		6,225
Part year funding (7/12 th) for the 30 hour extension		1,109
Two year old funding at £5.20 per hour		1,046
Early years pupil premium		120
Expected total DSG 2017/18		117,923

Further information on the subject of this report is available from Malcolm Green, school finance manager, on Tel (01432) 260818

7. Both the schools block and the early years are funded at set rates on the total number of pupils and the high needs block is a fixed budget with little expected growth. If pupil numbers are different from planned, then both income and costs will vary accordingly and may provide some budget flexibility. The recommendations in this report are predicated on the £117.9m DSG as above.

Schools budget

8. The autumn budget consultation with schools, proposed maintaining the 2016/17 funding values for schools in 2017/18, to maintain budget stability. It is very much recognised that an expected flat DSG settlement for 2017/18 with no increase in funding does not address the cost pressures faced by schools and that this is a matter of increasing concern nationally. The f40 group continues to include Herefordshire's concerns within its approaches direct to government ministers. It is expected that around £300,000 will be available within Herefordshire's schools block to increase pupil funding values due to savings in the Minimum Funding Guarantee of £200,000 and also savings of around £100,000 in business rates mainly due to reduced valuations of Herefordshire's newly built schools. A more detailed assessment will only be possible on receipt of the DSG settlement, expected on 20 December. The budget working group will advise further on final proposals for the schools budget.

De-delegation

9. The BWG considered the outcome of the autumn schools budget consultation at its meeting on 14 November and agreed to recommend to the schools forum that the de-delegation of the trade union facilities agreement (for primary schools only), free school meal administration, support for ethnic minority pupils and the licence fee costs for the school budgeting software, should continue to be de-delegated for 2017/18. The BWGs report sets out the full detail.

Education Services Grant

10. In the 2015 spending review, the government announced a cut of £600m from the Education Services Grant (ESG), which is given to local councils and academies to fund statutory education duties. The £600m cut is 75% of the total ESG funding. Since the announcement of the cut, the DfE has changed its position on the expected role of local councils, as illustrated in the white paper Education Excellence Everywhere and in subsequent briefings i.e. a number of statutory duties now remain in place and the government has advised councils they will have to find alternative sources of funding. However, the financial cut is still going to take place in addition to ongoing reductions in the rate support grant, which the government also provides to councils. For Herefordshire Council, this is a reduction of £1.1m and will adversely impact on the statutory services provided by the council for all children and young people, for all schools and for locally maintained schools. Herefordshire academies will collectively face a similar cut.
11. The DfE has determined that there will be a retained amount of £15 per pupil to recognise some of the duties that a local council performs for all schools. This is the only element of ESG funding that continues for 2017/18 and the DfE will allocate this funding directly to the council through DSG.
12. Herefordshire Council has a strong and productive relationship with all schools and with the schools forum. It is a council that has carried out its responsibilities cost

Further information on the subject of this report is available from
Malcolm Green, school finance manager, on Tel (01432) 260818

effectively compared to other local council areas. In terms of costs, in current comparisons, Herefordshire Council services are in the lowest quartile of all councils (i.e. cost the least) and in the bottom three or four of its statistical neighbours. In other words, it spends comparatively little on the same statutory duties that all local councils have to carry out.

13. Herefordshire is a high delegator of resources to schools. It has worked with the schools forum and all schools to move towards the national funding formula. It has taken bold steps to restructure and revitalise our approach to school improvement, working with schools, making the most of our different skills, interests and responsibilities and collectively achieving impressive results. There is a lot to be proud of in Herefordshire and in the way maintained schools, academy schools, the Diocese, the Archdiocese and the council work together.
14. A cut of this size cannot simply be absorbed and national government has explicitly stated that they expect local councils to continue to play a critical part in the lives of children, young people and schools, whatever their status (i.e. academy, free school, maintained school). The government has also stated that it expects councils to find different sources of funding, including schools paying for services.
15. It is important to reflect on this context whilst we consider how to address the significant national cut and expectations. The amount retained by the council will need to be agreed by the maintained members of the schools forum.
16. In addition, local councils can enter into service level agreements (SLAs), contractual arrangements or other forms of organisation (including establishing schools companies, staff mutual, social enterprises) to deliver services in a local area and gain contributions from schools in order to do so.
17. Herefordshire's approach is to keep the cost to schools to an acceptable minimum whilst offering greater choice to schools through SLAs rather than enforced delegation. Without the work during the previous 12 months to prepare schools for reducing budgets, we would have little choice but to seek a much greater top-slice, however unwelcome. The proposals contain work that directly benefits pupils within Herefordshire schools, supports the joint working approach that the council has with all schools, and provides statutory duties to support effective school management for the maintained schools.
18. If the local council and schools forum are unable to reach consensus on the level to be retained, the matter will need to be referred to the secretary of state.
19. A cut of £1.1m per year cannot be achieved without an impact on the range of services provided and our proposals are as follows:

1) £600,000 reduction in the council's corporate services and in education and commissioning services, for example:

- a. Reduction in corporate overheads £500,000
- b. Reduction in education and commissioning
central school improvement funds £47,000
- c. Efficiency savings in council services
and full cost recovery £53,000

2) £200,000 school redundancies for maintained schools either to be:

- a. charged directly to the maintained schools that incur them; or
- b. top sliced from maintained schools budgets to be retained by the council to meet costs
- c. Pass the cost of redundancies and any early release of pension costs onto individual maintained schools as they arise, considering each case on its merits, retaining a very small sum for exceptional circumstances, which will be provided through a top slice. Loans from the local council may be a way of helping to spread the redundancy cost over a five year period; or
- d. Top slice the current £200,000 for all maintained schools at a cost of £15 per pupil to meet maintained school redundancy costs. Any under or over spend of actual costs will be carried forward to the next financial year and the top-slice adjusted as necessary.

3) £200,000 budget top-slice of £15 per pupil for education functions, maintained schools only, to support effective school management and cover statutory duties carried out by the council

Service for council maintained schools

£'000

Governor services- support for schools	24
Monitoring national curriculum assessment	20
Internal audit	30
Strategic HR	30
Strategic finance	30
Standing Advisory Council on Religious Education (SACRE)	6
Property landlord duties	30
Exceptional redundancy costs	30
Total	200

4) £200,000 SLA proposals for all schools that cover safeguarding and pupil wellbeing, including data analysis

This includes the consolidation of some existing charges e.g. the current cost of two education advisors within the Multi-Agency Safeguarding Hub (MASH) was approved by the secretary of state for education from central DSG for 2016/17 only.

The cost of the existing staff (£75,000) will be funded through an SLA with schools for 2017/18 and will incorporate MASH operational costs that previously have not been part of the costs.

The work of a school improvement advisor, which is predominantly pupil wellbeing and safeguarding in all schools, will be included in the new SLA.

The MASH SLA will be approximately £10 per pupil and further details will be circulated in due course. The alternative to the SLA will be to purchase MASH services at a consultancy rate of £75 per hour, however this could undermine the collective Herefordshire schools approach to the MASH.

20. Schools forum is asked to note the support the council is proposing to continue to give education and schools by addressing the largest proportion of the cut and significant budget change directly within its own council budget.
21. However, it is important for all schools to appreciate that the government has given local councils little choice, in that by removing the funding whilst retaining the statutory responsibility, the council has no choice but to make further reductions in its spending, whilst also recovering costs from schools.
22. Further information about the removal of the ESG is expected to be available from government as part of the DSG settlement in mid-December. The BWG discussed the consultation responses from schools and in general is supportive and appreciative of the considerable efforts the council has taken to ensure that the ESG proposals were as fair as possible to all parties, given that funding cuts were imposed by government without compensating removal of any of the council's statutory duties. Any change in the ESG reductions that are announced by government will be discussed with the BWG in January and reported to the schools forum in the supplementary report.

Early years

23. No changes for 2017/18 in the funding values for the early years funding formula can be proposed until final confirmation of the new national early years funding formula is determined by the DfE. It is expected that an increased hourly rate will be possible, however this will be subject to wider consultation with early years providers in Herefordshire. Further proposals will be brought to the schools forum following confirmation by the government.

Community impact

24. There is no significant community impact. The school funding formula must meet the national requirements of the Department for Education. Within these national funding guidelines, the funding is targeted to support the achievement of improved outcomes for all Herefordshire pupils in accordance with a carefully considered strategy that is subject to annual consultation with schools and governors. The governing bodies of schools are responsible for decisions to commit expenditure accordingly to meet pupils' individual needs.

Equality and human rights

25. The Public Sector Equality Duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying "due regard" in our decision making in the design of policies and in the delivery of services.

As this decision is based on the national requirements of the Department for Education's funding formula, it is the responsibility of the governing bodies to commit the expenditure according to the individual pupil need.

Financial implications

26. The recommendations, if agreed, are required to ensure that expenditure on school budgets does not exceed the funding available within the Dedicated Schools Grant.

Legal implications

27. To ensure legal compliance with Schools Forum Regulations 2012. School forums generally have a consultative role. However, there are situations in which they have decision-making powers. Regulations state that the council (Local Authority) must consult the schools forum annually in connection with amendments to the school funding formula, for which voting is restricted by the exclusion of non-schools members except for Private, Voluntary and Independent (PVI) representatives. Voting on de-delegation and the education functions for maintained schools is restricted to maintained school members only.
28. Section 10 of the Schools Forums (England) Regulations 2012 sets out the local authority's duties to consult with the Schools Forum on school funding issues. The Education Funding Agency provides a summary of powers and responsibilities of schools forums which includes decisions it can make on proposals put forward by the local authority.
29. In all other cases the final decision will be referred on to the relevant Cabinet member.

Risk management

30. Approval of the recommendations will permit the council to comply with the DfE's statutory requirements for submitting the school funding pro-forma values to the Education Funding Agency by 20 January 2017. Failure to approve the recommendations (or suitable alternatives) will require the council to determine the school funding pro-forma values in the absence of guidance from the schools forum, if submission by the required date is to be achieved. Failure to meet the submission date risks action by the DfE.

Consultees

31. All maintained schools, further education providers, academies and free schools in Herefordshire have been consulted on the final budget proposals for 2017/18. The results of the consultation supported the council's proposals to maintain school funding values at the 2016/17 values and were reported to the BWG in November 2016. A summary of their November 2016 meeting to the forum is included in the report.

Appendices

None

Background papers

- None identified.

MEETING:	Schools forum
DATE:	13 January 2017
TITLE OF REPORT:	Work programme
REPORT BY:	Governance services

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the Forum's work programme.

Recommendation

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

Herefordshire Schools Forum – Work Programme 2016-17

Friday 2 December 2016

- Update on DfE stage 2 consultation papers on National School Funding Formula/High Needs & Education Services Grant
- Response to Herefordshire schools budget consultation re 2017/18 schools budget and ESG proposals
- Looking to the Future Proposals from Task and Finish Groups:
 - High Needs (Les Knight/Sara Catlow-Hawkins)
- Workplan
- Dates of Meetings
- *(Report on Forum's Constitution – subject to timing of response from DfE to Consultation on National Funding Formula)*

Meeting cancelled – items deferred to subsequent meetings as appropriate

Further information on the subject of this report is available from Sarah Smith, Governance Services on (01432) 260176

Friday 13 January 2017 (9.30 am)

- Dedicated Schools Grant settlement
- Herefordshire schools budget 2017/18 (to comply with DfE national formula)
- Response to Herefordshire schools budget consultation re 2017/18 schools budget and ESG proposals
- Looking to the future – updates and interim proposals from task and finish groups:
 - High Needs (Les Knight / Sara Catlow-Hawkins)
- Workplan 2016/17

Friday 10 March 2017 (9.30 am)

- **NEW - National School Funding Formula – to receive a report on the proposed response to the DfE stage 2 consultation**
- High needs budget proposals for 2017/18
- **NEW - Special School Funding – to receive recommendations from the budget working group on special school funding**
- **NEW - Looking to the future – to receive final recommendations from the task and finish groups on: outcomes, capital, early years and high needs**
- Schools Forum Constitution
- Workplan 2017/18
- Dates of Meetings for 2017/18

Background Papers

- None identified.