

MEETING:	SCHOOLS FORUM
DATE:	1 OCTOBER 2010
TITLE OF REPORT:	REPORT OF BUDGET WORKING GROUP - 25 JUNE 2010
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the recommendations of the Budget Working Group on 25th June 2010.

Recommendation

That the Schools Forum comments on the work of the Budget Working Party and considers the recommendations as follows;

- (a) **Given the impending work of the Schools Formula Review Group, it is recommended that the Herefordshire schools funding formula is only amended prior to 2013/2014 to include the nationally prescribed formula amendments for the national pupil premium and the mainstreaming individual school grants into Dedicated Schools Grant;**
- (b) **and that further work on the social deprivation funding strategy is deferred pending the outcome of the Department for Education consultation on the National Pupil Premium.**

Key Points Summary

The report is a summary of the Budget Working Group's meeting and presents proposals on:

- Discussions on the terms of reference for the School Funding Review Group – subsequently approved as urgent business by Schools Forum on the 9th July.
- Discussions on the school specific funding factors used in the Herefordshire funding model. Given School Forum's decision to proceed with the School Funding Review Group it is preferable that all funding changes are developed by this group unless urgent changes are necessary due to national Department for Education (DfE) requirements.
- Social Deprivation Funding Strategy – this was work to support previous government policy and it should be deferred pending the outcome of the consultation on the replacement National Pupil Premium later in the autumn term.

Alternative Options

- 1 There are no alternative options at this stage.

Reasons for Recommendations

- 2 Recommendations from the meeting of the Budget Working Group on 25th June 2010.

Introduction and Background

- 3 The Budget Working Group (BWG) met on 25th June to consider the draft terms of reference for the School Funding Review Group, information on School Specific Funding Factors and a draft Social Deprivation Strategy for 2011/12-2014/15. The agenda papers considered by the Budget working party are attached at Appendix A.

Present were

Julie Powell (Lugwardine), Andrew Teale (St Paul's) Tracey Kneale (Marlbrook), Malcolm Green, Louise Devlin.

Apologies were received from Nigel Griffiths (John Kyrle), John Docherty (John Kyrle), Steve Pugh (Hampton Dene) and Kathy Roberts.

4. **School Funding Review Group - draft terms of Reference (Lead headteacher – Tracey Kneale)**

The draft terms of reference were discussed and the following amendments suggested

- a. An initial full day “kick-off” meeting to prepare a number of ideal school staffing models on a phase specific basis – for agreement by the whole group at the end of the day.
- b. School representation on a cluster basis should be considered
- c. Funding proposals by SEN review groups should be referred to the BWG prior to Schools Forum.

Note – the draft terms of reference, as amended by the BWG, was approved by Schools Forum on 9th July.2010.

5. **School Specific Funding Factors 2010/11 (Lead headteacher – Tracey Kneale)**

The BWG considered the funding factors used to delegate school specific budgets as follows

- Ground Maintenance £272k
 - Paid to schools at a rate per square metre. Primary 17.1p High 9.6p
 - Further work to investigate the reasons for the difference was requested
- Flat rate allocations per school £4.43m
 - Paid to primary schools at £34,953 per school and High schools at £20,144
- Small schools Protection £965k

- Primary paid at £108.45 to pupils below 200 on roll
- Secondary paid at £208.45 to pupils below 655 on roll.
- The BWG requested financial modelling of the impact of bringing the definitions of small schools qualifying for protection in line with the sizes of school used with the Department for Education's recent Dedicated Schools Grant (DSG) review consultation i.e. a small primary school is 150 or less pupils and a small high school is 600 pupils or less.
- High Cost Fuel £39k
 - Additional payments for schools using LPG and high cost electric tariffs
- Business rates £1,328k
 - Paid to schools at actual cost. Voluntary Aided, Foundation schools and academies receive 80% charitable rates relief- and the reduction in costs benefit all schools.
- Shared use £47k
 - Paid to two schools with legal shared use agreements
- Premises Insurance £259k
 - Paid and charged back on estimated insurance costs by the Council's Risk and Insurance Manager.
- PFI costs £178k
 - The working group queried why the lease costs for PFI for Whitecross should be met from DSG. Malcolm Green explained that as the costs pre-dated the establishment of the DSG and were included because they were previously funded by the Council. It made no difference because had the costs not been included in the Total Schools Budget then DSG would have been reduced by the same amount so there was no loss to schools.
- Teachers Pay Grant £3.05m
 - Paid at a fixed rate to schools per teacher on the upper pay scale and leadership scales. Review to be included by the formula review group.

6. **Social Deprivation Funding Strategy – Possible Options**

The BWG considered a list of possible options for achieving the social deprivation funding target by 2014/15. The options were considered in draft and it was felt that the social deprivation target could be met by re-coding existing funding as social deprivation. However the new government's proposals regarding the national pupil premium and the extent that it is fully funded may make the current approach to deprivation funding irrelevant. The BWG agreed to await an expected further consultation by the Department for Education in the summer and consider again in the autumn.

Particular comments on the draft strategy were

- Item 2 PVI nursery funding – considered it entirely reasonable to expect the Early

Years Funding Formula to bear the same local percentage for social deprivation (7.4%) as schools. Recent presentations by the DfE national strategies team at the primary heads conference advised early intervention to close the social deprivation attainment gap. National research suggests that deprivation has the greatest impact in the 0-5 early years.

- Items 3/6 Special schools formula – introduce a specific funding factor to specifically identify existing funding as social deprivation. This should include funding for the Brookfield Intervention centre.
- Item 8 Secondary intervention centre – more information is requested regarding usage, referrals etc however it was considered that existing revenue funding in high school budgets could be reclassified as social deprivation.
- Item 9/10 Grants paid direct to schools such as School Development Grant and School Standards Grant (Personalisation) – it is the government's intention to absorb these grants into DSG and this would give the opportunity to reclassify further monies as social deprivation funding.

Key Considerations

- 7 The discussions at the BWG represent early considerations of the 2011/12 DSG budget and more work will be required by the BWG and Schools Forum.

Community Impact

- 8. None assessed

Financial Implications

- 9 The financial implications of the 2011/12 Schools Budget form a significant part of the work of the BWG this year.

Legal Implications

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

Risk Management

- 11 The BWG's proposals for the 2011/12 budget will be fully considered by Schools Forum prior to final decisions by the Cabinet Member in March 2011.

Consultees

- 12 There is a statutory requirement that Schools Forum is consulted on proposed changes to DSG funded budgets. No further consultation other than Schools Forum is required.

Appendices

Working papers considered by the BWG on 25 June 2010.

Background Papers

None