

Meeting:	Herefordshire schools forum
Meeting date:	Friday 19 October 2018
Title of report:	Local and National School Funding update
Report by:	Director of Children and Families

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To update the forum on local and national school funding issues, including the recommendations of the budget working group (BWG) on the following matters:

- Herefordshire schools budget 2019/20
- f40 briefing on school funding
- High needs budget 2019/20
- DSG outturn 2017/18
- Apprentice levy - optimal use by schools

Recommendation(s)

That:

- (a) **School Forum consider inviting the Herefordshire MPs to attend a future meeting of forum to be briefed on school funding pressures in Herefordshire and the f40 campaign for fairer funding;**

- (b) **To consider the initial budget proposals for 2019/20 for schools and high needs and provide feedback to inform the local authority's annual school budget consultation process; and**
- (c) **the council be asked to adopt that**
 - (i) **Requests from local authority maintained schools for apprenticeships be made by a given point in the year, for efficient administration of the council's apprenticeship levy fund;**
 - (ii) **bids be assessed by a panel consisting of the OD Business Partner, HR Services Manager and School Finance Manager with at least three headteacher representatives from LA maintained schools who had paid into the council's digital account;**
 - (iii) **the deadline for 2018 should be set for a date in December to give time for communication with schools; and**
 - (iv) **the apprenticeship levy be included on the agenda for the schools leadership conference to be held on 23 November.**

Alternative options

1. Alternative options will be fully considered by the BWG prior to the BWG formulating final budget recommendations for consideration by Schools Forum in January 2019. At this stage only a preliminary view has been sought in order to determine how the budget proposals can be developed further.

Key considerations

2. UPDATE ON SCHOOL FUNDING 2019/20

a) f40 briefing on school funding

The Budget Working Group considered the briefing note produced by the f40 group, see appendix 1, and felt the note was an excellent but concise summary of the group's position on a number of issues relating to the funding of schools and noted that it would be distributed to all MPs. The f40 group was working with other interested groups and bodies to share information and co-ordinate their approach. Herefordshire had been fully involved in the preparation of the briefing note and as such it reflected Herefordshire's concerns on both school and high needs funding.

The BWG suggested that greater engagement by schools with Herefordshire's MPs would be useful and working group members were asked to think about how they could use any opportunity to involve local MPs to support the f40 position.

The f40 briefing paper would be presented to the schools forum and BWG proposed that the MPs be invited to attend a forum meeting in order to be briefed on school funding pressures in Herefordshire. Alternatively schools forum could send the f40 briefing paper to the MPs and seek their support for a fairer funding settlement for schools in Herefordshire.

b) Schools budget 2019/20

The BWG received an update on the forecast schools budget for 2019/20 (appendix 2). Figures had been calculated on estimated pupil numbers, and the promised 0.5% per pupil increase from the 2018/19 National Funding Formula (NFF).

Key points considered by BWG were:

- the government had reduced the amount for primary low prior attainment (from £1,050 to £1,022) , Herefordshire could decide whether to match this amount or continue to fund at the previous rate;
- a formulaic allocation of national pupil growth funding would be applied, Herefordshire had never benefitted from this before so the forum would be asked to agree criteria for how this funding would be allocated;
- forecasts suggested that there would be a surplus of possibly up to £300k once the NFF had been applied, the working group would be asked to consider options for utilising this surplus to be recommended on to the schools forum in January 2019;
- one option for the use of any surplus would be to fund the primary SEN protection fund, past consultation had shown that primary schools valued the scheme but some secondary schools did not want to subsidise it. This option, if adopted, would not require any top slice of secondary budgets.

3. High Needs Budget Proposals for 2019/20

The BWG received a presentation from the School Finance Manager and Head of Additional Needs on issues regarding the high needs budget for 2019/20 and options for making the required savings.

4. The key points highlighted were:

- a forecast savings target of up to £600k might be needed for 2019/20;
- there would be a risk of legal challenges if further reductions were made to top-up tariffs and post-16 tariffs;
- the matrix wording and structure was being refreshed but this was not specifically designed to deliver savings. It might deliver a modest reduction in the growth of EHC Plans in relation to marginal cases;
- there were no plans to revisit tariff values again this time;
- publication of the consultant report on Herefordshire's SEMH provision had been delayed due to the decision to bring the PRUs back as an LA maintained school. There were sensitivities around staffing and the TUPE process. It is the intention to share this in the next few weeks;
- it was recommended that the council should be clear on its duty to fund places for permanently excluded pupils and that schools should fund arrangements for pupils on managed moves;
- the size of the PRU needed to be reduced back to the level it was a few years previously where it only reached capacity at the end of the academic year;
- there was pressure from the government to improve the outcomes for pupils in PRUs, Herefordshire historically had had good Ofsted judgements;
- the PRU management committee was being reformed and included secondary school representatives, the school representative on the management committee needed to

work with the PRU to identify suitable models of delivery to meet the needs of client schools;

- savings were being sought in the central DSG services, full details could not be given at this point as some of the options could involve redundancies;
- a set of principles were set out to guide how savings should be delivered for high needs budgets.

5. In the discussion which followed the following was noted:

- it was queried whether the growth fund could be used to create additional special school places;
- that the charge to schools for a KS4 PRU place had increased quite rapidly in recent years but it still did not cover the full cost of a place, further background information on current PRU costs would be circulated;
- there were no permanently excluded (PEX) pupils in the primary phase, numbers in the secondary phase had doubled in the last 2 academic years;
- the closure of the Robert Owen Academy had boosted numbers in the PRU this year but some additional funds had been received from the DfE and all the pupils were in year 11;
- physical building space was a difficulty in the St David's centre;
- the issue had been discussed at HASH and there were different views among the schools, however all secondary schools tried not to exclude pupils;
- there was a recognition that all schools were working hard to support pupils but that there was also a need to manage pressures on budgets and plan for the longer term; there is further work to be done to arrive at a workable proposal;
- not all schools were aware of the additional offer from the behaviour support team for early years and KS1, this would be re-advertised;
- a SSIF bid for additional government funding had been unsuccessful, this was disappointing and alternatives needed to be considered;
- the projects supported by the early years underspend should have an impact over the longer term;
- reductions in school funding and other support services were putting pressure on the system;
- the proposed principles were fair and in the correct order;
- the Head of Additional Needs felt that the SEN protection scheme should be funded from the schools block, the protection scheme being essentially an insurance against having excessive demand on the notional SEN budget and the notional SEN budget being a part of the schools block and not the High Needs block.

DSG Outturn 2017/18

6. The details of the 2017/18 DSG outturn were set out for the BWG. In summary overall DSG was £271k underspend mainly due to an under spend of £327k on early years. The high needs budget was over spent by £125k. It was noted that current DSG balances were £1.2m (excluding the committed early years underspend) and that although times were challenging, Herefordshire was in a better position than many other authorities.

Apprentice Levy

7. The HR services manager summarised the report (appendix 3) which had been circulated with the agenda papers. She explained that her role was to facilitate spending of the levy fund pot for those maintained schools that paid in through their inclusion in the local authority

payroll i.e. community and voluntary controlled schools. The apprenticeship levy is a matter that the authority see fit to consult the forum on as it is a matter concerning the funding of schools.

8. Voluntary Aided schools with an annual payroll of under £3m are exempt from the levy and VA schools with a pay bill over £3m are required to have their own digital account (levy pot). VA schools are therefore not eligible to access the funds in the council pot. However, they are able to access funding for apprenticeships through an approved training provider and would only pay 10% of the costs. Academies with a payroll of more than £3m pay the levy and will have access to their own digital account.
9. HMRC upload funds in the council's digital account but does not differentiate between council staff and schools although efforts have been made to separate the two pools. The levy portion for any staff resident in Wales is transferred to the Welsh Assembly so the amount available to access will be less than that paid in.
10. Any levy not used within 2 years would be reclaimed by HMRC on a rolling monthly basis. Some qualifications were currently being funded in Herefordshire but schools were not making full use of funds and there was a risk that money would be lost. At the present time requests from schools to access the levy are considered by the OD Business Partner. All requests received to date had been accepted with one exception. Options to manage allocation of funds in the future were set out in the paper.
11. It was noted that training had to be through an approved provider and that apprenticeships had to last for a minimum of 15 months. It was necessary therefore to project forward when allocating the available levy funds. The levy could only be used to cover training costs, the salary of apprentices had to be covered by their employer.
12. In discussion of the item it was noted that:
 - option 2 (schools to use within clusters) would require an administrator;
 - the levy did not only fund course for administrators and teaching assistants, there were courses available for middle and upper leaders which could be offered, including online courses;
 - training was not limited to new members of staff;
 - option 4 (giving schools a specific deadline each year to submit bids for funding) could allow for cluster bids;
 - more communication was needed to help headteachers understand what was available, it would be useful to include some case studies of successful bids and what they had delivered;
 - any purchase over £5k had to go out to tender through the council, the cost of an apprentice training would vary depending on the level of the course studied, teaching assistant courses typically cost £3k, the management course given as an example was £9k;
 - teaching apprenticeships are available but require an individual to be degree qualified.
13. The BWG recommended that:
 - option 4, Requests for apprenticeships made at a given point in the year, be the preferred option for administration of the apprenticeship levy fund;

- that bids should be assessed by a panel consisting of the OD Business Partner, HR Services Manager and School Finance Manager with three or four headteacher representatives from LA maintained schools who had paid into the pot;
- the deadline for 2018 should be set for a date in December to give time for communication with schools; and
- the apprenticeship levy be included on the agenda for the leadership conference to be held on 23 November.

14. Tendering for school insurance

Members of the BWG were informed that the council would shortly be tendering for an insurance provider. Schools insurance would form a lot in their own right. A letter would be sent to schools to ask if they wished to be included in the bulk tender. Any school taking part would be bound by the outcome of the tender for 5 years. Any school choosing not to take part would have to make their own arrangements. There was an expectation that the bulk tender would result in a better rate.

Community impact

15. Increasingly school and high needs funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs. Schools, colleges and post-16 providers and potentially parents will need to be consulted on changes to the high needs budgets

Equality duty

16. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
17. 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. In relation to school finance it is the responsibility of individual governing bodies to commit expenditure according to individual pupil need. Changes in high needs provision will require consultation with users and further advice from legal will be sought should this be necessary. However the decisions of the schools forum should have regard to this duty and the potential implications of any decisions made.

Resource implications

18. The schools budget is fully funded by Dedicated Schools Grant. At this stage the financial assessment is indicative only pending the final DSG announcement by government in mid-December 2018.
19. Forecast cost pressures on the high needs block indicate that without cost reductions in the Herefordshire Pupil Referral Service and the SEN support services the high needs budget will overspend in 2019/20. Options will be developed for consultation with schools and potentially service users to determine the preferred approach to maximising service delivery within the high needs allocation determined by government.

Legal implications

20. The School Forum is a decision making and consultative body in relation to matters concerning schools' budgets as defined in the School Finance (England) Regulations 2012 and the Schools Forums (England) Regulations 2012
21. The Schools Finance (England) Regulations 2012 determine those matters on which the council must or may consult the Schools Forum and those in respect of which the Schools Forum can make decisions. These Regulations make provision for the financial arrangements of councils in relation to the funding of schools.
22. The report complies with legal requirements in this regard.

Risk management

23. As the budget proposals are only indicative at this stage, the full risk analysis has not yet been undertaken.

Consultees

24. No consultation has yet been undertaken with schools, providers or service users as there are currently no fully developed proposals suitable for consultation. Consultation with schools on the schools budget will follow after half term. Further work is necessary on the high needs budget before consultation can be undertaken.

Appendices

Appendix 1 f40 Briefing on school funding

Appendix 2 Budget proposals 2019/20

Appendix 3 Report to BWG on Apprenticeship Levy

Background papers

None identified.