

**MINUTES OF A MEETING OF THE LEARNING, SKILLS AND ECONOMY SCRUTINY
COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD
WELLS, POWYS ON WEDNESDAY, 29 AUGUST 2018**

PRESENT

County Councillors D Selby (Chair), , G Breeze, B Davies, S C Davies, D O Evans, L George, E M Jones, G Jones, I McIntosh, J Pugh, P Roberts, E Roderick, D Selby, R G Thomas, R Williams, Mrs A Davies, Mrs S. Davies, Mrs M Evitts

In attendance: County Councillors and JG Morris and Mr J Brautigam, Audit Committee

Officers: Ian Budd, Director of Social Services, Alec Clarke, Head of Learning, Jo Cassey, Interim Head of Learning, Jane Thomas, Head of Financial Services, Jennie Spraggon, Finance Business Partner and Susan Fielden

1.	APOLOGIES
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Apologies for absence were received from County Councillors M Barnes, K W Curry, D R Jones, D Jones-Poston, S McNicholas, L Roberts and MC Alexander

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

3.	DECLARATIONS OF PARTY WHIPS
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There were no declarations of party whips.

4.	CHAIR'S BRIEFING
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In the absence of the substantive Chair there was no briefing.

5.	FUNDING FORMULA REVIEW
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Background

The Committee had previously considered the proposal to review the Funding Formula and had presented a number of observations to Cabinet. Assurance had been given that there would be a further opportunity to scrutinize the proposals prior to the commencement of the formal consultation period.

The Director of Education acknowledged the level of engagement in the process of the review including Head Teachers, Governor representatives and the Schools Forum.

A Funding Formula is a key statutory responsibility. It should be transparent, equitable and simple to administer and understand. Transparency was necessary to enable any party to check how funds had been allocated and to assist in considering future priorities. Equity was also important in adding to the debate and ensuring effective decision making. It was essential that the Formula, once agreed, was maintained to accommodate changing legislation, priorities etc.

A Schools Finance Specialist had been engaged to support the process of the review. She informed the Committee that in developing the proposals, there were a number of balancing questions to be addressed. The Formula would need to have a fixed element and a variable element. Every pupil in the County should be funded on the same basis. The first challenge was in describing the Education Offer that required funding. Discussions are ongoing with schools and options are emerging. Further open questions would be put to schools to enable constructive feedback to add to the process. No single proposal would be put forward as this would be disingenuous.

Underlying principles to support each phase of the Offer would be adhered to unless there was a clear reason for variation. Diversity of need would have to be addressed. It was also essential that the level of resourcing needed to be safe.

The areas covered by the Formula would include class sizes, leadership and management, additional support and repairs and maintenance.

The Head of Financial Services reminded the Committee that the Formula was a mechanism for funding schools but that it did not dictate to the schools how those funds were spent. It was acknowledged that one Formula will never satisfy every school. The Formula was intended to provide a consistent, minimum level of delivery to schools. This would assist in comparing schools and in addressing the reasons for deficits in some schools.

Discussion

Would the cost per pupil be higher where schools are smaller and, within key stages, would KS2 and KS3 be more expensive?

Foundation Phase has a specified staffing ratio and KS5 is grant funded outside of the Formula. KS4 tends to be smaller but gains additional funding to reflect the GCSE offer. Generally, funding is lower for KS2.

Members questioned why no Formula had been presented to them

It had been decided not to provide a Formula at this stage but to establish the principles upon which a Formula could be based. Once those principles have been agreed, additional information will be provided regarding individual allocations to schools. This process is in line with other reviews across Wales and a consensus on how the Formula should be constructed is paramount. No school should be faced with a crisis in funding under new arrangements and further discussion on transition arrangements may be required.

Prior to the reconfiguration of the scrutiny committees, the People Committee had received a presentation on ALN provision. This was to be a radical review

and it was questioned whether the Formula could be developed ahead of the completion of the ALN Review.

The Formula will be implemented for the next financial year and the ALN reforms will be worked up over 3 years. The Formula will need to be maintained to keep pace with changing expectations. In the secondary sector, the Formula is being devised on the basis of provision of at least one class which could cater for those with additional needs or for those exceptionally able pupils. Diversity of need will be accommodated. An update on progress relating to transformation of ALN had been provided to the last meeting of the Committee and there would be regular progress reports.

The Committee had been provided with the core Offer and how this would impact upon the current arrangements for financing schools

It was difficult to identify the current base as there were a number of inconsistencies in the current position and there had been manual interventions in the allocations made. The main driver in any formula would be expectations on pupil teacher ratios.

There was some concern that expectations within schools were being raised and whether there would be sufficient funds to deliver the Offer. Further information on the numbers of schools which may gain or lose from the revised Formula, together with the number of isolated schools and those in areas of deprivation would have been helpful.

The Formula will need to fund learners in the current provision. A defined core offer plus additional needs will have to be provided by the Formula – this will have to continue as schools transform.

The review had not been intended as a mechanism for increasing funding to schools. Comparisons are ongoing and will continue through each sector to ensure the Formula can deliver. It is inevitable that some may gain while others may lose but it is expected that, overall, the new Formula will deliver a similar level of funding.

In response to concerns that smaller schools would be adversely affected by fluctuating numbers more so than a larger school, it was noted that the Offer has a defined level of staffing. Any significant fluctuation could be managed by licensed deficit which would be based on evidence.

Data provision has been essential in the work that has been completed so far. An annual census is considered as is live birth data. Stress testing of models has also been completed.

The Formula is calculated annually and it was questioned whether provision should be made to smooth the curve – planning must be on a multi-year basis and the Formula should provide an indicative analysis for future years. There should be a more flexible approach to addressing future education provision through both formal and informal arrangements. Creative thinking is needed going forward.

Statistics show that gross expenditure in Powys per head is well above average. Delegated budgets show an average expenditure in the primary sector but below average in the secondary sector. A large slice is taken out for central support services which covers transport and ALN. Will the Formula deliver more funding to delegated budgets and will the secondary sector receive a larger proportion?

There are technical issues underlying the data provided – for example it is compulsory that rates are delegated but Powys is unique in the way that it manages this. There are other technical adjustments that are needed to make the Formula compliant. Until discussions on principles are complete it is not known whether the revised Formula will deliver a greater proportion to the secondary sector. A political decision to maximise delegation is already in place.

With regard to the funding for ALN the aim is to migrate those from out of county provision to specialist in-house provision and to move those in specialist provision to mainstream education. This will take time to achieve as existing settled provision will not be changed. In the longer term it is anticipated that costs will reduce.

The Head of Finance informed the Committee that although the delegated budget was top-sliced for central support services, most of that money did go into schools.

There was inconsistency in addressing deficit budgets. Schools managing their budgets can be subject to clawback and this was thought to be unfair when some schools appeared to be 'getting away with' deficits.

The Authority has introduced a more stringent compliance process but some schools will take some time to reduce their deficits. Everyone should be accountable. In establishing a minimum level of provision there will be more transparency to challenge some schools' models of delivery. Clawback is required within the Scheme and criteria is laid out. Surplus reserves can be held to manage the budget and an individual school should not be penalised in these circumstances. The issue is reviewed annually.

Those Members who were also Governors, were advised that financial planning must run alongside staff planning. A vision for the future should identify when stresses will need to be dealt with.

The Welsh Government and Powys County Council have accepted an aim to have 1 million Welsh speakers by 2050. This will necessitate one third of the population of Powys being able to speak Welsh. Is there a financial plan to achieve this aim and will the Formula enable bilingual education to be delivered? Dual stream schools are a step on the way to bilingual schools and how will the authority make the transition to bilingual schools. There needs to be financial support for total immersion classes as well as a choice of KS4 and 5 subjects otherwise Welsh education will not be chosen at KS2 and 3. A fifth block should be added to the formula to deal with the issue of bilingual education so that this flows through every aspect.

There are specific protections for dual and Welsh medium schools to enable the curriculum to be delivered. The aim would be dependent on a Workforce Strategy and it would be a challenge to have a skilled, bilingual workforce. It

would be useful if scrutiny had regular access to updates on the provision and take up of Welsh language education and what partnerships were in place. The Formula would provide an allocation for staffing but not for training and development.

It may be more relevant to make reference to staffing explicit in block one rather than add an additional block. If every pupil is to be bilingual, then this has staffing implications.

The Chair of Audit Committee reminded Members of reports into the financing of schools by both the WAO and Audit Committee and he hoped that these documents had been considered during the review. Although it was disappointing that the Portfolio Holder could not be present, could sufficient assurance be given that school deficits could be reduced or schools could be prevented from going into deficit? The Issues Log circulated separately could indicate that schools will be excused from deficit repayment.

The new Formula is needed to deliver the Authority's requirements. The position regarding deficits could not be answered at this stage – the clarity provided by the new Formula would enable challenge to those schools in a deficit position. Ultimately the position regarding cumulative deficits is a political one, but the minimum or core Offer would not be sufficient to allow payback of deficits. Deficits could not be written off and would remain with the school.

Although the core offer had been provided, there was more information regarding primary schools than secondary schools.

There was a difference in presentation between primary schools which was relatively straightforward, and secondary schools which had been compiled on the basis of year groups. The information was contained within the narrative but had not been presented in graphical form. This could be arranged.

There was concern regarding the average pay scale and that many staff were at the upper end of the pay scale. Such matters are out with the control of a Governing Body and officers were challenged to explain how this would be dealt with.

Average teacher costs tended to be quite high. The Formula could develop in the future to use a fixed point on the scale plus a percentage for management and leadership.

If the cost is significantly more once the Formula has been applied, what will the Authority do?

This is unlikely to happen and officers were confident that the Formula is deliverable.

There was concern that other Key stages were subsidising Post 16 education.

The Director of Education reiterated that the Formula did not cover Post 16 and other key stages should not be subsidising its provision.

It was suggested that a clear plan for delivery of education over the next five to ten years was required and that a Formula could not be devised if there was no clarity on what might be required in the future.

The Formula must provide for today's children's education. The Formula must be maintained and adaptable to meet future requirements. A number of key strategies are being developed and following a change in the configuration of scrutiny committees it was thought advisable that workshops be held to inform Members of the vision for Education, WESP and ALN – workshops had already been arranged.

Are projections showing an increase or decrease in pupil numbers? How many children are not in any school?

Pupil numbers were expected to decline. There were 126 children registered as not being in school. However, there was no way of knowing how many children were not registered. The Welsh Government are looking to match health records with an EPN number. Further collaboration is needed to ensure there is awareness of all children not within the formal education system.

There was concern that Powys was unable to attract teachers due to the lack of job security.

There were many elements to be considered. Results were good and this in itself would attract staff. There needs to be the ability to progress and sufficient training and development. Discussions are ongoing with Head Teachers regarding recruitment and retention. A Communications Strategy is also being prepared.

County Councillor P Roberts arrived at 12 noon.

The Chair summed up the main points of the meeting. Although no formal scrutiny observation report would be submitted on this occasion, the minutes of the meeting would be circulated to all for reference purposes.

Outcomes:

- **The Minutes to be circulated in place of a scrutiny observations report**
- **Future items for scrutiny or workshops**
 - **WESP**
 - **Workforce Strategy**
 - **ALN**
 - **Vision for Education**

6.	WORK PROGRAMME
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Forthcoming dates for this Committee are:

- ☐ 14th September 2018 – 10.00am (9.30am briefing) – School Budgets

- ☐ 1st October 2018 – 10.00am (9.30am briefing) – School Standards

Education scrutiny briefing dates:

- ☐ 19th September 2018 10.00am
- ☐ 25th September 2018 10.00am

County Councillor D Selby
Chair