

MINUTES OF A MEETING OF THE LEARNING, SKILLS AND ECONOMY SCRUTINY COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 4 JANUARY 2019

PRESENT

County Councillors P Roberts (Chair), D R Jones, G Breeze, K W Curry, B Davies, S C Davies, D O Evans, L George, E M Jones, G Jones, K Laurie-Parry, S McNicholas, L Roberts, E Roderick, D Selby, R G Thomas, R Williams, Mrs A Davies, Robson, Mrs M Evitts, MC Alexander and A W Davies

In attendance:

County Councillors M Alexander (Portfolio Holder for Education) and A Davies (Portfolio Holder for Finance)

I Budd (Director of Education), J Thomas (Head of Financial Services), J Spraggen (Finance Business Partner)

S Fielden (Schools Finance Specialist)

G Taylor (Chair of Funding Review Group (FRG))

1. APOLOGIES

Apologies for absence received from County Councillors Mark Barnes, Diane Jones-Poston, Jeremy Pugh and apologies for absence received from Parent Governor representative Sara Davies.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. DECLARATIONS OF PARTY WHIPS

No declarations of Party Whips were received.

4. MINUTES

The Chair was authorised to sign the minutes of the meetings held on the 13th December 2018.

5. FUNDING FORMULA REVIEW POST CONSULTATION
--

Documents:

- Draft Cabinet Report v7.1 IBJT
- Appendix A1, A2 and A3
- Appendix B
- Appendix C
- Scrutiny briefing

Discussion:

The Director of Education introduced the paper on the Review of the Funding Formula. He drew attention to the importance of having a school funding formula compliant with regulations based on sound education principles. He observed that it was not unusual for such a review to identify a higher level of funding than

schools would like and as such there was an element of aspiration which, at the end of the process would need work to match the formula needs to the funding available.

Are there opportunities to save on leadership costs on split site schools?

Management costs on split site schools are more than on a single site school as senior staff are required on both sites.

It appears that small schools are receiving a high level of protection. Can the authority continue to provide this level of resource for such a small number of pupils?

Support is provided for small schools to ensure pupils are safe and that schools are properly staffed. The formula does not reorganise schools but Appendix B does outline potential policy changes that could be considered to recycle school funding back into schools and one of these is school organisational change.

The Portfolio Holder for Schools acknowledged that the smallest schools may not be able to provide a good social experience and that the authority do need to be fair however, these schools do provide a good education. Collaboration between schools can provide more for the same resource than individual working.

Where is the cost of deep cleaning found in the formula?

This is within the premises cost and has been calculated based on spend over the last three years which will include deep cleans and the schools service have worked with colleagues in property to predict spend.

The Chair of the FRG advised that the Group were of the opinion that this calculation may be incorrect as it is based on premises spend over the last three years when spend has been squeezed and it is therefore not a correct calculation.

The Portfolio Holder observed that once the Newtown area had been reorganised there would only be one category D school and as the existing category D schools close this money becomes available for school funding.

It was confirmed that large items (boilers etc) will continue to be funded from the capital programme but smaller items will continue to be the responsibility of schools and each year it will be necessary to set the premises cost within the Funding Formula. The breakdown between large and small items are identified within the Scheme for Financing Schools a **copy of which can be made available to Members.**

The admin allocation for a primary school of 600 would be 2.2 and for the same sized secondary school would be 8.15. Whilst it is acknowledged that the needs of both sectors are different is this balance correct? What information is coming out of the Primary School Cluster Business Manager pilot in Llandrindod area?

There does need to be a more shared approach between primary and secondary education. It is hoped to extend the Llandrindod pilot and the evaluation should provide evidence that supports joint working across the county.

It would be difficult for a large primary school to manage on 2.2 admin support and without additional funds there would be no opportunity to collaborate on a cluster basis.

The Chair of the FRG noted that Head Teachers and Governors considered this level of admin support to be correct. It would be necessary for schools to give up some funding to gain the benefits and this is a test of trust for schools.

Requested that a copy of the evaluation of the Primary School Cluster Business Manager pilot be made available to scrutiny by August 2019.

What is considered medium term in the context of Cabinet budget setting (4.3 of report)?

The Portfolio Holder for Finance confirmed this was 4-5 years.

How are the number of classes calculated (p18) is it the number of children in a room or the number of children in a year?

It is the number of children in the school on the pupil count date divided by 30.

Why was grading teaching assistants at Grade 4 not agreed by the FRG?

The FRG are of the opinion that this post should be paid at Grade 5 to attract the right calibre of staff.

The grade for this post has been set by Job Evaluation. If a member of staff is in post and a job is regraded they will be eligible for a period of protection which will have to be funded by the school. The funding formula will not change terms and conditions but schools may find it necessary to undertake a staffing review. Schools have discretion in the way funding is allocated and may for example choose to use some funding provided for leadership on business manager support.

Further information on the job evaluation of teaching assistant roles to be provided to scrutiny.

Pupil led capitation is set at £52/pupil. ALN pupils need support such as enlarged print or worksheets on coloured paper. How is this extra cost met from the capitation levels set?

This funding comes from within the ALN allowance (Block 2) which includes pupils who are on school action plus as well as pupils with a statement.

What will be the effect of the funding formula changes on education provision?

Resources will be provided to meet core education provision. The authority is fulfilling its responsibility to allocate resources to schools. The Governing Body then has a responsibility to allocate the resources it has received. The revised formula will be able to demonstrate schools are getting the correct resources. It will be easier to identify those schools which are allocating resources appropriately.

The Chair of the FRG noted that if Cabinet accepted the recommendations of the FRG it would be expected that all schools would be able to maintain a balanced budget.

What is the definition of core educational provision and how can assurance be given that this defined core is correct?

Each year schools are required to offer 25 subjects but are not required to run all subjects if there is insufficient demand.

In various educational documents produced are details of core provision (eg school organisation, curriculum, ALN). **A summary of these can be provided.**

Will the core educational provision meet the aspirations of the Donaldson review?

The recommendations contained within the Donaldson review are aspirational. It is a key challenge to raise the aspiration for learners from the view of Governing Bodies and Leaders of Learning.

Is the aspiration of the service different from the aspiration for learners?

Whilst the aspiration of the service is set out within strategy documents the delivery is undertaken by Governing Bodies and faculty teams.

The Portfolio Holder confirmed the formula will provide sufficient funding for core educational provision but whilst the authority may wish to go further the formula only provides to the core level.

The Chair of the FRG noted that the formula distributed funding fairly but not sufficiently.

The formula notes that funding at Higher Level Teaching Assistant (HLTA) level will be provided for PPA (Planning, Preparation and Assessment) time. Appendix A3 notes that 'the LA will work with primary school leaders to develop appropriate measures to support the provision of HLTAs....'. Who will undertake this role if the HLTA are not in place?

The local authority is in a similar position to others in Wales. Many schools already make use of coaches and sports staff to cover PPA time but this has not been advocated by FRG.

Requested that information on the number of HLTAs expected to be needed across the county and the number trained HLTAs available in the county be made available.

Schools may implement models which cost less than the formula allocates and HLTAs could be shared between schools.

Recommended that a supporting document be produced to help identify ways to meet the challenges this review will bring.

Is there sufficient funding within the formula to support schools with pupils who exhibit challenging behaviour who do not have statements?

The Chair of the FRG confirmed that this had not been addressed due to the ongoing review of ALN.

How can Governing Bodies set a balanced budget when they are of the opinion that there is a shortfall in the funding provided for ALN?

The Portfolio Holder confirmed that the authority were providing sufficient funding and were not setting schools up to fail. Governing Bodies would need to take difficult decisions if a school was operating at for example higher than provided for management costs.

The Portfolio Holder for Finance noted that additional funding was proposed for schools but it was not clear if this additional funding would meet the pressures that are faced. For example, Welsh Government are funding the teachers' pay award but not the additional costs of superannuation.

Why are secondary free school meals funded at £2.30 when the meals cost £2.40?

This figure will be updated to match the cost of a meal. It does not impact of the delegated budget and the cost is met by Welsh Government.

The balance of funding between primary and secondary schools appears to be more generous to the primary sector. Is there a shift in funding towards the primary sector?

There is no intent to move funding between sectors but rather to ensure that both sectors have sufficient funding.

The Chair of the FRG confirmed that all the work was done prior to application to individual schools. There are other questions that can be considered such as what is the impact on different geographic areas, schools operating the different language combinations and schools in deficit. This work has yet to be done and may identify unintended consequences.

Why are primary and secondary sectors funded at different premises levels?

This was calculated using historic spend. In the future it will be necessary to identify which schools are providing value for money on their premises spend. There is UK generic guidance provided for schools on value for money

The impact of the revised funding formula on premises spend be considered as part of the first year review of the Funding Formula.

Is the funding provided for examination entries sufficient?

The funding is considered sufficient. Changes in the way performance is calculated mean there are far fewer early entries and retakes will not be funded by schools where the school believes the pupil has achieved their expected grade.

How does the funding formula support the aim to increase the number of Welsh speakers in Powys? Secondary schools used to have an immersion stream which allowed pupils from English medium schools to become fully fluent in Welsh and be able to take qualifications through the medium of Welsh. Why is this not included in the formula?

This matter would be appropriate for consideration under the Welsh in Education Strategic Plan (WESP) rather than the funding model. The immersion model in Powys is to fund from central provision support where this is required. The Portfolio Holder was of the opinion that this should not be part of the core funding formula. The small numbers of learners who wish to take up the opportunity of immersion mean that central funding rather than delegated funding is more appropriate.

Cllr D Evans left 12.00

It was confirmed that the formula was designed to reflect the current pattern of provision. The impact of any proposals to amend the pattern of provision under the WESP will be taken into account during the annual review of the formula. The Welsh Government are reviewing the categorisation of schools and the WESP will need to be reviewed in light of this.

The service are encouraged to undertake work to investigate this area further. The Chair would submit a request to Joint Chairs Steering Group to look at the use of immersion to increase the number of Welsh Speakers at secondary school.

Where is funding for translating materials found in the formula?

This is included within the curriculum delivery but there is nothing specific for translation as staff in Welsh medium and dual stream schools should be able to

produce documents in bi-lingually. The cost of Welsh medium materials is covered by the curriculum uplift.

What happens to the funding for pupils who move from a school with an ALN unit to a school without an ALN unit?

This is an issue that is being considered under the ALN review.

The Chair of the FRG due to the attention of the meeting the differences between the group and the Officers which total £5.5million and are summarised as:

- Admin assistants should be paid at Grade 5 not Grade 4
- Cover for PPA time should be at teacher rate not HLTA rate
- The differences in Individual School Range (ISR) calculations between the schools and the authority equate to around £2.5 to £3million

The Director of Education advised that the ISR is calculated for each school on the basis of the size of the school. Over the last few years ISRs have decreased because of falling rolls but not all schools have taken leadership reviews and staffing decisions.

The Chair of the FRG advised that the group had asked what would happen as staff have employment protection and it was understood that schools would have to find the funds to finance this protection.

The Director of Education advised that discussions were ongoing regarding the possibility of capitalising redundancy costs which would incentivise those schools that were yet to undertake a staffing structure redesign.

The Chair of the FRG noted the result in lower head teacher salaries would make the rolls less attractive however, the Portfolio Holder whilst agreeing that it was difficult to attract Head teachers to Powys was of the opinion that an open discussion was needed regarding the challenges of managing a school in Powys or in other deprived areas with significant social challenges. It can be seen that the schools with the costliest management and teaching arrangements do not always get the best results. It was confirmed that the Governing Body set a schools ISR and are able to pay above the indicative amount to attract and retain staff.

When undertaking this review the Formula Review Group was set up to advise. The Chair has identified a number of gaps between what the Group consider to be core and what Officers and the Portfolio Holder consider to be affordable. What is the Portfolio Holders view on this gap?

The Portfolio Holder advised that a list of options had been drawn up to bridge this gap as there was no opportunity to put additional funding into this budget. The aim would be to choose the options that had the least impact. The Portfolio Holder noted that all schools should look at the work rate of staff as this would help identify from a delivery perspective which members of staff could be considered for part time work, retirement or redundancy.

The Director of Education noted that it was not right to conflate the ISR review and Funding Formula Review. Officers are of the view that the gap is £1million and the least damaging ways of bridging this gap are:

- 1 – reduce funding on capitation

- 5 – reduce management time at primary from 0.3 to 0.2 (in some authorities this is 0.1)
- 9 – increase Key Stage 4 option class size to 25

If additional resources were available this is where they could be deployed but they are not available. This will give schools sufficient funding to organise themselves however for some schools there will be structural changes that need to be made.

The difference in opinion regarding the gap between what the FRG thought (£5.5million) and what Officers thought (£1million) was noted however, the meeting was focussed on what was contained within the draft Cabinet paper (the £1million gap).

The Head of Financial Services confirmed that from the outset it had been clear that there would be no additional money available for delegated schools funding. During budget discussion schools have been one of the protected areas and have received a protected increase in funding. However, there has been no expectation that funding would increase as a result of the formula review.

What will be the impact of increasing class sizes at KS4 options to 25?

The Portfolio Holder advised that she was comfortable with this as an increase in a small number of pupils would have little impact on good teachers.

The Director of Education confirmed that research indicated that a marginal increase in pupil:teacher ratios does not impact on outcomes. Key issues in relation to outcomes are quality leadership, teaching and learning.

What will be the impact on option classes given Option 9 is due to reduce funding by £417k across the secondary sector?

The Schools Finance Specialist confirmed that this figure had been calculated by working on a basis that schools offer 9 out of 30 option classes. For each school the number of children in an option year group had been divided by 20 and rounded up. The calculation was repeated using the number of children in a year group divided by 25. The difference in the two calculations is the savings. In practice in schools there will be some option classes with 30 pupils and some with 10 pupils.

Will this change therefore have most impact on the schools that run small option classes?

Yes.

Is a reduction in option choice a risk given that new models of working are yet to be rolled out? How will pupils be protected from the loss of option choice?

This is not a large sum across the secondary sector. If this sum was replaced a few schools could afford to provide a broader curriculum.

The Portfolio Holder confirmed that it was not possible to provide all subjects in all schools, this was a marginal change that affected only options and arrangements for core subjects remained untouched.

What arrangements are in place to ensure that schools who have children with ALN who join part way through the year are able to access funding?

This will need to be reflected within central budgets.

What arrangements are proposed to transition to the new formula?

The modelling between the old and new funding models has highlighted some anomalies such as inexplicable parts of the spreadsheets and interventions which have allocated funding to individual schools. These anomalies will not be replicated and there will be losers under the new formula. These schools will need time and support to adjust by undertaking a curriculum redesign and staffing changes. Support will be needed for these changes along with protection for the second year of two year courses of study. A team of Finance, HR and school improvement officers will be able to support schools over this period.

The Portfolio Holder noted that the new formula had provided evidence to challenge schools.

Cllr R Williams left 13.30

From an audit perspective what is the position regarding deficit repayment?

There is no legal provision to write off deficits and any historic deficit will remain with the school unless the school closes. The funding formula provides a basic funding entitlement and therefore there is little excess to payback deficits. There will be a real requirement to ensure that schools live within their means.

The Portfolio Holder confirmed that the debt would still sit with the school and the schools should still aim to pay back deficits.

Cllr A Davies left 13.35

If this formula funding review was meant to be a fundamental review why are there so many outstanding areas where further work are required as outlined in Appendix A3?

The Director of Education advised that there were a number of large areas of work such as the ALN review, curriculum reform, school improvement and school organisation amongst others where the outcomes from these workstreams will mean that the impact on the funding formula will need ongoing maintenance. This will be undertaken during the annual review

What is the current level of delegation?

This information is contained within the annual Section 52 statement.

The Officers and Portfolio Holders were thanked for their attendance and responses.

Outcomes:

- **That the information offered during the meeting be provided to the Scrutiny officer for circulation to Members**
- **That Scrutiny Observations on the report to Cabinet be prepared and circulated to scrutiny Members prior to submission at Cabinet**

6.	CHAIR'S BRIEFING
-----------	-------------------------

The Chair advised that he had spoken with the Chair and Vice-Chair of Audit Committee regarding some work that had been undertaken regarding Theatr Brycheiniog. Joint Chairs may consider that this work should be brought to the Learning, Skills and Economy Scrutiny Committee.

7.	WORK PROGRAMME
-----------	-----------------------

The next meeting of the Learning, Skills and Economy Scrutiny Committee will take place on 18th January 2019.

County Councillor P Roberts