

## Learning, Skills and Economy Scrutiny Committee

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Meeting Venue  
**Council Chamber - County Hall,  
Llandrindod Wells, Powys**

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Meeting Date  
**Friday, 4 January 2019**

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Meeting Time  
**10.00 am**

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For further information please contact  
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elizabeth.patterson@powys.gov.uk



County Hall  
Llandrindod Wells  
Powys  
LD1 5LG

Issue Date  
24<sup>th</sup> December 2018

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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### AGENDA

<b>1.</b>	<b>APOLOGIES</b>
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To receive apologies for absence.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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To receive declarations of interest from Members.

<b>3.</b>	<b>DECLARATIONS OF PARTY WHIPS</b>
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To receive disclosures of prohibited party whips which a Member has been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

(NB: Members are reminded that under Section 78 Members having been given a prohibited party whip cannot vote on a matter before the Committee.)

<b>4.</b>	<b>MINUTES</b>
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To authorise the Chair to sign the minutes of the following meeting as a correct record:

- 13<sup>th</sup> December 2018

(Pages 3 - 10)

<b>5.</b>	<b>FUNDING FORMULA REVIEW POST CONSULTATION</b>
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To undertake pre-Cabinet scrutiny of the proposed School Funding Formula.  
(Pages 11 - 38)

<b>6.</b>	<b>CHAIR'S BRIEFING</b>
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To receive a verbal update from the Chair of Learning, Skills and Economy Scrutiny Committee.

<b>7.</b>	<b>WORK PROGRAMME</b>
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The next meeting of the Learning, Skills and Economy Scrutiny Committee will be held on 18<sup>th</sup> January 2019. It had been intended to consider the School Major Improvement Programme but this item has been deferred until the budget has been set. It is likely that this item will be available for scrutiny in February 2019.

# Public Document Pack

Learning, Skills and Economy Scrutiny Committee Thursday, 13 December 2018

## MINUTES OF A MEETING OF THE LEARNING, SKILLS AND ECONOMY SCRUTINY COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 13 DECEMBER 2018

### PRESENT

County Councillors P Roberts, M Barnes, G Breeze, K W Curry, B Davies, S C Davies, D O Evans, L George, E M Jones, G Jones, D Jones-Poston, S McNicholas, J Pugh, L Roberts, E Roderick, D Selby, R G Thomas and R Williams, Parent Governor Representatives Mrs A Davies and Mrs S. Davies  
Church Representative Mrs M Evitts

#### In attendance:

E Palmer (Head of Strategic Policy and Performance), A Clarke (Head of Learning), E Patterson (Scrutiny Officer)

Item 6 – Additional Learning Needs and Inclusion  
I Bhatti (Senior Manager, ALN and Inclusion)

Item 7 – Funding Formula Review  
I Budd (Director of Education), R Waggett (Finance Manager), S Fielding (External Consultant), J Spraggen (Finance Business Partner) and G Taylor (Chair of the Funding Formula Review Group)

<b>1.</b>	<b>APOLOGIES</b>
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Apologies for absence were received from County Councillors D Jones and K Laurie-Parry and Portfolio Holder for Schools County Councillor Myfanwy Alexander

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
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No declarations of interest were received.

<b>3.</b>	<b>DECLARATIONS OF PARTY WHIPS</b>
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There were no declarations of party whips.

<b>4.</b>	<b>CHAIR'S BRIEFING</b>
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The Chair advised that the elections for the Parent Governor Representative had taken place. An equal number of votes had been cast for two candidates and he had drawn lots. The candidates had been written to but he was not in a position to announce the result until the candidates had received their letters. The Committee would be advised of the outcome of this election in due course.

<b>5.</b>	<b>MINUTES</b>
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The Chair was authorised to sign the minutes of the meetings held on the 13<sup>th</sup> August 2018, 22<sup>nd</sup> August 2018, 14<sup>th</sup> September 2018, 1<sup>st</sup> October 2018 and 17<sup>th</sup> October 2018.

## 6. ADDITIONAL LEARNING NEEDS AND INCLUSION

### Documents:

- Scrutiny briefing on ALN and Inclusion Transformation Programme
- Additional Learning Needs Update
- Additional Learning Needs and Education Tribunal (Wales) Act Factsheet
- Additional Learning Needs and Inclusion Transformation Communications Plan

### Discussion:

The Senior Manager – ALN introduced the update paper on the ALN Transformation Programme.

The ALN Transformation Programme has been put in place to address two issues. Firstly, to ensure that the Council can comply with the changes that the Welsh Government is making to ALN in Wales, and secondly to ensure that the structures in place in Powys are best able to support this changing landscape.

The following work streams are in response to legislative change:

- Post 16 provision } as provision now extends from 0 - 25
- Early years provision }
- Introduction of Individual Development Plans (to replace statements)
- Workforce Development (a local and national issue)
- Dispute Resolution (a new approach has seen a reduction in the number of cases taken to tribunal)
- Parental and Pupil Involvement

The following work streams relate to ALN provision in Powys:

- Specialist Centre provision
- Behavioural, Emotional and Social difficulties and Pupil Referral Unit provision
- Making it happen (cross cutting themes such as ICT, Welsh Language and referral processes)

Other issues are being identified across the work streams. For example, there should be a single front door, a single set of paperwork and far closer partnership working with social care and health. The Start Well Programme is also working to this agenda.

The Head of Learning noted that this was a large transformation programme which the Welsh Government had introduced alongside a second major transformation programme of curriculum change. There are risks with the ALN transformation programme including with health where partnerships historically have not been strong and the health service have their own pressures.

Cllr P Roberts left the meeting 10.40am.

Cllr D Selby took the Chair for the remainder of the meeting.

*How will the work of the ALN Transformation Programme be communicated to parents?*

The Director explained there would be no one approach but that there would be a newsletter, a website where questions could be posted, a parent's forum, where changes are proposed three drop-in meetings will be held the location of which will rotate around the county. The service welcome suggestions regarding communication and will try to accommodate such ideas.

*The work stream for early years is welcomed but there have been problems in early years since the change of age of admission. There is a mixture of provision at this age with some private settings. How will the service work with this age group as this is where early intervention happens?*

The Director advised that at present ALN provision for early years is not statutory. Education have involvement with nursery, pre-school and schools but when the Act becomes law in 2020 health will become an important partner with their knowledge of children from birth. A referral process has been developed to identify children with additional needs as early as possible and the service need to work closely with health to design early intervention.

*There will be some parents of children with ALN who will not read letters or look at the ALN website. How will you work with these parents?*

It will be necessary to hold some face to face meetings in the Specialist Centres but this will need to be done on a rolling programme as there is no capacity to visit every centre at each stage of the process.

*Will the Individual Development Plans (IDPs) move with the child from primary to secondary and through to adulthood?*

This will be the case although the IDPs will start prior to school through close working with Health Visitors who see children from the earliest age. For the first time with the new Act Health Visitors are explicitly required to identify additional learning needs.

*How is staff morale in the ALN sector?*

The ALN Transformation programme aims to give staff as much information and notice as possible. The sector will be transformed to meet the new requirements.

*School modernisation in Ystradgynlais introduced a model which included Specialist Units which was meant to be a blueprint for Powys? What is the future for Specialist Units?*

It will be necessary to look at the Specialist Units in light of the new ALN Code of Practice. There are things that are working well but key principles need to be applied to the whole of the county. Solutions have been developed to address particular problems but equity of provision is essential.

*The service should be congratulated on the presentation but to what extent is this an aspiration? The communications plan is welcomed and the ALN website is excellent but there is nothing regarding this on the Powys facebook page. There is also real concern about the delivery of ALN support. Schools are*

*fighting for support and parents are blaming schools because pupils are not receiving what they should be.*

The Director confirmed that the Transformation programme requires joint working with a number of partners including health and social care. Social care is closely involved in the work but to be successful will need a change in behaviours. As each of the work streams are developed reports will be prepared for Cabinet which will be brought forward for pre-Cabinet scrutiny.

*What will be the impact of the extension of ALN provision to 25 on Further Education and Higher Education?*

The ALN Code only relates to Further Education not Higher Education or Apprenticeships. The service will be looking to provide support as locally as possible.

*Is it the case that children with lower level ALN will now be taught in mainstream schools?*

All children in Special Schools have statements and are on a spectrum of need that runs between 0 and 10. It is appropriate for pupils assessed between 0 and 2 to be taught in mainstream schools. It is more cost effective to support pupils in mainstream school rather than in specialist provision.

*Do parents have a say in where pupils are educated?*

The ALN Code notes that the preferred educational setting is in mainstream.

#### **Outcomes:**

- **That as work on the ALN Transformation progresses scrutiny have an opportunity to undertake pre-Cabinet scrutiny of proposals**

<b>7. FUNDING FORMULA REVIEW</b>
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#### **Documents:**

- Draft Cabinet Paper 'Formula Review Post Consultation' version 6
- Analysis of School Funding Formula Primary
- Analysis of School Funding Formula Secondary
- Appendix B – potential policy changes that will help to produce a more efficient and effective service

#### **Discussion:**

The Director of Education introduced the Funding Formula Review explaining it was one a number of major transformational work streams currently being undertaken by the education service including:

- School Improvement Strategy (including curriculum redesign)
- Additional Learning Needs and Inclusion
- School Organisation

Historically the school funding formula has not been regularly reviewed and is difficult to maintain, lacks transparency and is difficult to understand. Detailed work has been undertaken by experienced staff to produce a model that is

equitable, predictable and transparent. It will be able to be used by Senior School Leaders and Governors to predict future funding. If the formula is considered unfair it will be able possible for change to be argued from a position of understanding.

The formula will also be used by local authority officers as a benchmarking tool. Governing Bodies are able to make funding decisions which are different from the formula but if Governing Bodies are choosing to fund significantly above the model for example on leadership costs an informed debate will be able to be undertaken.

The draft model is provided and the final model will be prepared for pre-Cabinet scrutiny on 4<sup>th</sup> January 2019. This will include transition arrangements as there will be some schools that gain and some that lose under the new arrangements.

Work on this review has been assisted by Susan Fielding, an experienced advisor and the Funding Review Group chaired by Graham Taylor. The service is grateful for all the work that colleagues have undertaken to produce the revised formula.

*The Primary School Funding Formula proposes that PPA (Planning, preparation and assessment) is funded at Grade 7 rather than by teachers. At present schools are using teachers to cover PPA. Will this result in teacher redundancies?*

The formula gives a minimum provision but Head teachers make final decisions as to how this is arranged. This is not an edict for operational decisions and is not about redundancies.

The Chair of the FRG advised that this was an area of disagreement and the FRG considered that PPA time should be funded at teacher level funding.

It was confirmed that at the meeting on 4<sup>th</sup> January any differences between the recommendations from the FRG and officer recommendations will be highlighted. It will also include details of a reconciliation between the funding formula and school resourcing.

*5.3 of the report notes that the formula requires a delegated budget of £71.46million whereas the proposed delegated budget is £70.48million. How will this gap be bridged?*

There are political choices which need to be taken about what the authority can afford for schools. The gap could be bridged in a number of ways for example by reducing the amount provided for capitation. There are alternative options which Cabinet would need to consider.

*The level of administrative support and ALN support appears to be much lower than what will practically be needed.*

Detailed discussion has been undertaken with primary and secondary schools to provide support within the funding available.

The Chair of the FRG added that with regard to SENCO and administrative support a realistic view had been taken given the lack of financial resources in the authority. It was generally agreed that this was an appropriate level of funding for these two areas.

*There is no funding for the maintenance of new schools or sufficient for times when a school may need to be deep cleaned for example.*

The Portfolio Holder for Finance advised that all schools receive a sum calculated on an area basis for premises costs to cover such items. Schools receive additional funding for premises costs based on the condition of their buildings.

*Why are teaching assistants funded to Grade 4 mid range only?*

The Chair of the FRG confirmed that the FRG had recommended that this was funded to Grade 5.

Cllr P Roberts re-joined the meeting 11.50am

*Average teacher costs are a concern for small primary schools who do not have a sufficient staff turnover for this to be workable.*

It was confirmed that primary schools teaching staff would be funded at school level and the average teacher cost calculation would only apply to secondary schools.

*Powys currently has one of the lowest delegation to schools. Will this increase?*

Raw delegation to schools would benefit large schools to the detriment of small schools and the funding formula is designed to fund all schools.

*Why is support for Business Managers only provided in the secondary sector as large primaries would benefit from this?*

There is nothing to prevent a cluster of primary schools working together to employ a Business Manager. A pilot has been trialled in the Llandrindod cluster primed by national funding. It is hoped that further funding will be made available. Employing Business Managers on a cluster basis helps improve resilience as schools have access to high quality support.

*Why is Option 1 (retain existing arrangements) included as an option when it is clear this is not a practical choice?*

The Director for Education confirmed that Option 1 was not practical as it did not address the issues that the current formula was not compliant, that it needs to be replaced and then it needs to be maintained.

The Portfolio Holder for Finance advised that when producing options papers it was the norm for the status quo to be included as an option or the paper would be criticised.

The Chair of the FRG noted that the FRG were of the opinion that neither Option 1 or Option 3 should be included within the paper.

The Director of Education noted that it may be the case that reconciliations will need to be made depending on the outcome of the budget process. There are also items which will be added to the process as grant funding is announced and the outcome of the discussion regarding teacher superannuation is concluded.

*It was understood that this process was calculating the true cost of education in Powys and if this cost more than was currently available then the Local Authority should be increasing the funding?*

The Director of Education confirmed that the Cabinet would make a decision on what the Core Offer was on education in Powys and this would be transparent.

The work has been undertaken jointly between Powys officers, governors and Head teachers. The FRG and Scrutiny will come forward with observations on the formula when Cabinet are making the final decision and reconciliation will be undertaken.

The Chair of the FRG confirmed it had been a collaborative process. The minimum core provision comes with a price tag. If there is not enough money then Cabinet will have to decide to fund at less than the minimum provision. This could be reduced capitation, increased class sizes etc.

*How will dual stream schools be funded?*

Block 4 details that dual stream schools will be funded as a single stream for all elements of the funding formula except for Teacher and Teaching assistance funding where they will be run as two streams.

*At present Welsh Medium Schools are paid an additional £30/pupil for Welsh Language resources. Where is this additional support in the new formula?*

The Finance Business Partner advised that capitation had been reviewed and updated. Welsh Medium schools were spending less than English schools and therefore there is now an average figure for all schools.

The Chair of the FRG confirmed he understood the findings but was not convinced that these were correct.

*The proxy indicators for the ALN allowance only start with outcomes at Key Stage 2. The formula should reflect the transformation taking place in ALN.*

The Head of Service confirmed that social indicators were included as proxy indicators but that the problem with using foundation phase outcomes was that these were based on teacher assessments which were not moderated.

The Director confirmed that the data needed to be easy to use, resilient and capable of withstanding any attempt to manipulate it intended or otherwise.

The Funding Formula consultant confirmed that the ALN allowance section was purposefully designed to be as straightforward as possible whilst the ALN Transformation programme was progressing.

*Why are free school meals not included in the primary formula? Powys has a number of children who need free school meals but are not receiving them which disadvantages Powys.*

The Chair of the FRG confirmed that there are pupils in Powys who are eligible for free school meals who do not take them but that this is the same across Wales and is not just a Powys problem.

The Director concurred and explained that the authority had introduced cashless systems in schools to overcome the stigma of claiming. There is however turbulence in the benefit system generally in England and Wales. There is currently a review of school funding which is being undertaken by Welsh Government who are taking evidence until Easter 2019. The findings of this review will be shared with scrutiny and the FRG.

*Why are teaching assistants funded to such a low level?*

The Head of Service confirmed that this is core funding only. The core funding will be supplemented from other grant funding streams such as the Education Improvement Grant and the Foundation Phase Support Grant. This will be made clear within the final formula.

*How was the membership of the FRG agreed?*

The Head of Service advised that all schools were emailed asking for expressions of interest. Schools have also received regular updates and views have been sought during the review.

*How does the Funding Formula allow schools in deficit to repay their deficit?*

The Chair of the FRG confirmed that there was no provision within the funding formula for paying back deficits.

The Director advised that there was no provision in law to write off deficits unless a school is subject to reorganisation. It is most important to ensure that school income and expenditure match. Where a school has gone into deficit this deficit will have to be parked and from this point the school do not spend more than they are funded for.

A Member raised an issue regarding a school in Brecon which was not related to the Funding Formula Review. This matter was dealt with outside of the committee meeting.

### **Outcomes**

- **That the detailed report on the Funding Formula Review be made available for pre-Cabinet scrutiny on 4<sup>th</sup> January 2019**
- **That the Portfolio Holder for Education be requested to attend this meeting**
- **That Scrutiny provide observations on the Funding Formula Review to Cabinet after the meeting on 4<sup>th</sup> January 2019**

<b>8. WORK PROGRAMME</b>
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The next meeting of the Learning, Skills and Economy Scrutiny Committee will take place on 4<sup>th</sup> January 2019 to consider final proposals on the Funding Formula Review.

The next meeting is scheduled for 18<sup>th</sup> January 2019.

Further scrutiny dates will be confirmed after the meeting of Full Council on 24<sup>th</sup> January 2019.

**County Councillor D Selby**

## CYNGOR SIR POWYS COUNTY COUNCIL

## CABINET EXECUTIVE

Date 15<sup>th</sup> January 2019

**REPORT AUTHOR:** County Councillor Myfanwy Alexander  
Portfolio Holder for Education  
County Councillor Aled Davies  
Portfolio Holder for Finance

**SUBJECT:** Formula Review Post Consultation

**REPORT FOR:** Decision

### 1. Summary

1.1 In July 2018 the Cabinet approved the overall design of a revised funding formula for schools. The review had been initiated due to concerns about the level of deficit occurring in some schools and the need to ensure all schools are funded sufficiently to be able to deliver an appropriate curriculum. Local Authority Officers together with school representatives from the Formula Review Group (FRG) have now completed this development work and full consultation has been undertaken. This report provides recommendations for a new formula for 2019/20 and further development work thereafter.

### 2. Proposal / Outcomes sought

2.1 The proposal is a funding formula for schools that achieves the outcomes listed below:

- Adequate funding for core educational provision, at the minimum level consistent with regulatory requirements, Powys policy and efficient delivery;
- Funding for premises related costs that fairly reflect the differences in size and condition of school buildings and minimum maintenance requirements;
- Funding distributed by use of proxy indicators to provide schools with capacity to meet the additional needs of children and young people in line with Powys policy on ALN and provision for vulnerable children;
- Fair and transparent means of funding aspects of education policy or specific circumstances that affect some schools but not all.

2.2 The detail of the proposed formula is provided at Appendix A (A1 Primary and A2 Secondary), including specific comment in Appendix A3 to highlight where the recommended approach differs from the feedback through consultation, the views of the Formula Review Group or the external consultant.

2.3 A phased implementation approach is proposed, to ease transition for individual schools and provide for ongoing alignment to local authority policy, regulatory changes and funding constraints. This implementation will need to be decided based on affordability of the Council and consulted with Schools Forum prior to roll out (detailed in Appendix C).

### 3. Options Considered / Available

3.1 Option 1: continue with the existing school funding formula methodology.

3.2 Option 2: implement the new school funding formula, as set out in Appendix A.

- 3.3 Option 3: modify the proposed funding formula to reflect changes to educational policy as set out in Appendix B to ensure overall affordability.

#### **4. Preferred Choice and Reasons**

- 4.1 Option 1 does not provide a secure basis for reducing the level of deficit budgets in schools as it does not allow for transparency, fairness or simplicity in administration. It is not underpinned by sound education principles.
- 4.2 Option 2 is preferred by the formula review group, which is an educational minimum as required by the scope of the project. It has financial implications as it identifies a need for funding above the current planning level as well as variations at school level. Implementation arrangements would need to allow reasonable transition time to implement staffing changes and protect courses of study already commenced.
- 4.3 Given the substantial proportion of the Council's budget accounted for by school funding, the Cabinet will need to consider competing priorities as it sets a budget for the medium term. Recognising affordability concerns, the preferred choice is Option 3, with a commitment to maintaining the integrity of the formula through ongoing alignment of education policy, budget provision and annual review, acknowledging there are some implications on the educational delivery. Options for achieving a policy-led reduction are addressed at Appendix B.

#### **5. Impact Assessment**

- 5.1 The formula proposed for ALN is consistent with the current methodology, and as such minimises turbulence for schools in advance of the outcomes of the ALN review. However, an option exists to alter the boundary between formula funding for ALN and the top up for children with Statements which will be explored as part of the ALN review.
- 5.2 In order to maintain an alignment between education policy and the delegated funding for schools, future policy changes will need to address the resultant modification to the funding formula. In addition, a list of policy changes regarding spend to save options have been suggested at Appendix B.
- 5.3 Implementation of any formula change results in redistribution of budget. Changes between years also require careful consideration of pay and price pressures. Reconciling updated data sources and 2019/20 pay prices involved:
- An initial overall increase in the total budget of £5.5m over and above factors in footnote 1 was identified.
    1. This figure included a revised Individual School Range (ISR) rating implemented in November 2018 and was stated in the consultation document. This reduced the average teacher cost and therefore the funding required for the core cost of current educational provision in Powys. Following the capping of ISR the FRG offered a different view on what is core provision (stated in more detail in Appendix A3).
    2. The FRG also agreed that PPA time should be funded at Teacher level instead of HLTA and that TAs should be funded at Grade 5 instead of Grade 4. The total of these adjustments reduced the funding gap to £0.98m.

The proposed schools delegated budget is £70.48m whereas the requirement is now £71.46m

- A movement of £3.41m from targeted ALN allocations into inclusive core provision
- 70 schools gaining and 22 losing are shown in a graphical format at Appendix C

The proposed overall schools delegated budget for FY1920 includes the additional £1m funding and the pay award funding included within the provisional settlement.

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## **6. Corporate Improvement Plan**

6.1 The review of the formula is in line with the Corporate Improvement Plan

## **7. Local Member(s)**

7.1 This paper affects all areas of the education community across the county.

## **8. Other Front Line Services**

8.1 The recommendation does not impact on other services run by the Council or on behalf of the Council?

## **9. Communications**

9.1 The report is of public interest and requires use of news release and appropriate social media to publicise the decision.

## **10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal

- Awaiting response

10.2 Finance: The School Finance Manager supports the implementation of a clear funding formula as an essential prerequisite for enforcing compliance with the Scheme for Financial Schools.

10.3 Corporate Property

10.4 HR

The Schools HR Team will continue to work with Headteachers, Governing Bodies, Staff and Trade Union representatives, and in the event that the implementation of the Review leads to changes in staffing structures will provide advice to all parties in line with the Service Level Agreement.

## **11. Scrutiny**

11.1 The draft report was being scrutinised on 13 December 2018, a further Scrutiny meeting will be held on 4<sup>th</sup> January 2019. The Scrutiny Committee has provided the following comments:

- .....

11.2 The changes made since the date of Scrutiny and details of recommendations that have been accepted or rejected are noted below:

- .....

## **12. Data Protection**

12.1 The proposal does not involve the processing of personal data

## **13. Statutory Officers**

13.1 Financial impact

- .....

13.2 Monitoring Officer

• .....

**14. Members' Interests**

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

**15. Future Status of the Report**

15.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

15.2 The view of the Monitoring Officer is that.....

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>To implement the new school funding formula as set out in Appendix A from April 2019</b>	<b>To demonstrate the fair and transparent resourcing of agreed educational policy</b>
<b>To identify options or combinations of options from Appendix B to meet overall affordability</b>	<b>To demonstrate the impact of affordability measures on educational provision</b>
<b>To phase implementation over two financial years</b>	<b>To ease the impact of the changes on individual schools</b>
<b>To maintain the link between educational policy and budget in circumstances where policy, budget or cost change through annual review</b>	<b>To ensure the integrity of the funding formula is maintained</b>

<b>Relevant Policy (ies):</b>	<b>Scheme for Financing of Schools</b>		
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	

<b>Relevant Local Member(s):</b>	
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<b>Person(s) To Implement Decision:</b>	<b>Cabinet</b>
<b>Date By When Decision To Be Implemented:</b>	<b>Within budget timeframes for FY1920 implementation</b>

<b>Is a review of the impact of the decision required?</b>	<b>Y / N</b>
<b>If yes, date of review</b>	
<b>Person responsible for the review</b>	
<b>Date review to be presented to Portfolio Holder/ Cabinet for information or further action</b>	

Contact Officer:	Richard Waggett
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**Background Papers used to prepare Report:** all reports to the Formula Review Group

CABINET REPORT TEMPLATE VERSION 6

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## **Appendix A1 – Proposed Powys School Funding Formula – Primary**

**Attached**

## **Appendix A2 – Proposed Powys School Funding Formula – Secondary**

**Attached**

### **Assumptions:**

- Calculations based on November 2018 pupil numbers
- Average teacher cost for each school within primary and a sector average for secondary as at January 2018 both capped at 2018 ISR range.
- Other staff roles use mid-point of recognised salary grade as at April 2019
- Premises (block 3) is based on current R&M spend
- Teacher increments have been estimated and will be reviewed in Dec and amended in Feb.
- No increase in Pension above 2% has been built in.
- Estimated reduction to Post 16 grant of £136k

## **Appendix A3 – comment on formula proposals from the Formula Review Group and External Consultant – Attached**

## Appendix A1 Analysis of Powys School Fair Funding Formula Primary

### Pupil Numbers

Pupil counting date is the Friday in the first week following the October Half Term.

The numbers on roll in all years are used to calculate funding for Reception to Years 6

Curriculum Lead Funding Streams Core Block 1	
Teachers	<p>A school has a minimum of 1.5FTE teachers, 0.3FTE for Management time with an additional leadership and Management capacity of 10% as a minimum. 10% is also awarded PPA is funded (Grade 7). *</p> <p>Number of classes are then calculated on a stepped approach of 30 per class based on the pupils on the pupil count date.</p> <p>An average teacher cost for each school is calculated and used to fund the notional number of Teachers to be funded in each school as per the basis above.</p>
Admin Support	Minimum funding of 0.4FTE (37hrs, term time only Grade 4 mid-range), then 0.1 per additional class.
Teaching Assistants	Minimum funding of 1FTE (32.5hrs, term time only, Grade 4 mid-range) then 0.5FTE per class. *
Mid-day supervisors	Funded 1 x 1hr post per 30 foundation pupils and 75 KS2 pupils (Grade 3 mid-point, term time only).
Additional Learning Needs Coordinator (ALNCO)	Funded 0.1FTE teacher up to 100 pupils. Then an additional 0.1FTE per every 100 pupils thereafter (funded at AVTC rate).
Capitation	Lump sum of £1500 Pupil led element £52
Free School Meals	Funded centrally
SLAs / core package	All corporate SLAs with schools delegated (Finance, HR, employment services and BPU) are funded in line with the exact charge that is levied for the enhanced offering.

<b>ALN Block 2</b>	
ALN Allowance	<p>Split over all schools using a basket of proxy indicators.</p> <p>Indicators</p> <ul style="list-style-type: none"> <li>• 10% Pupil numbers</li> <li>• 20% Number of pupils not achieving core subject indicators at KS2.</li> <li>• 20% Free school meal entitlement</li> <li>• 5% number of pupils scoring under 75 on CAT's in year 4</li> <li>• 35% ALN weighted units (relating to numbers of pupils on school action plus)</li> <li>• 10% Welsh Government Standard reading test results in Y2 and Y4.</li> </ul>
<b>Property Block 3</b>	
All premises costs excluding Rates and Statutory testing	<p>A sum of £38 per Square metre for Premises costs.</p> <p>Plus, a % uplift depending on the following Category that the school has for building, energy and Cleaning.</p> <ul style="list-style-type: none"> <li>• A = 0%</li> <li>• B = 1%</li> <li>• C = 2%</li> <li>• D = 3%</li> </ul> <p>A Sum of £3 per square metre for Ground costs.</p> <p>Halls will be funded on actual costs incurred in previous 12 months, but will be assessed by property to show best value.</p>
Rates, Statutory Testing and Premises Insurance	The school is funded the exact charge it is levied.
<b>Block 4</b>	
<b>Split Site</b>	<p>Split Site schools are funded as two separate sites for all elements of the funding formula except for the following adjustments</p> <ul style="list-style-type: none"> <li>• Funded as a single school for Admin</li> <li>• Funded as a single school for ALNCO</li> </ul>
<b>Dual Stream</b>	<p>Funded as one single stream for all elements of the funding formula except for the following additions</p> <ul style="list-style-type: none"> <li>• Teacher &amp; Teaching assistant (pupil led) funding – run as two streams.</li> </ul>
<b>All through School</b>	<p>Funded as two separate schools except for the following adjustments</p> <ul style="list-style-type: none"> <li>• Removed the minimum 0.3 Leadership capacity (primary formula)</li> <li>• ALENCO as one school</li> </ul>

. \* = Not agreed by FRG

## Appendix A 2 Analysis of Powys School Fair Funding Formula Secondary

### Pupil Numbers

Pupil counting date is the Friday in the first week following the October Half Term.

The numbers on roll in all years are used to calculate funding years 7 to 11.

Listed below is the method used to allocate funding to all schools for Pre 16 provision:

Curriculum Lead Funding Streams Core Block 1	
Teachers	<p>Average Teacher cost (AVTC) is calculated as follows</p> $\frac{\text{Total cost of teaching staff for sector (Inc. leadership)}}{\text{Total FTE for sector (Inc. leadership)}}$ <p>This rate is then used to fund the number of teachers needed in the school based on pupil numbers and ratios listed below in-line with minimum curriculum delivery which results in a contact ratio of 0.83 in line with Primary sector.</p> <ul style="list-style-type: none"> <li>• KS3 – first class funded at 1:15 pupils then each subsequent class funded 1:30 pupils (with the exception of Design and Technology being 1:20 and Science being 1:25), per year group.</li> <li>• KS4 – first class funded at 1:15 pupils then each subsequent class funded 1:25 pupils in each year.</li> </ul>
Admin Support	<ul style="list-style-type: none"> <li>• All schools are funded for 1 Business Manager 37hrs term time only (mid-Point Grade 12).</li> <li>• All schools up to 100 pupils are funded for 1.3fte (37hrs, term time only) admin posts as a minimum, with an additional 0.65fte per every 100 pupils (Grade 4 mid-point) thereafter.</li> </ul>
Educational Support Staff (i.e. Technicians)	<ul style="list-style-type: none"> <li>• Minimum funding for 3 posts (mid-point, Grade 5, 32.5hrs) up to 400 pupils then 0.25fte per 100 pupils thereafter.</li> </ul>
Teaching Assistants	<p>Minimum funding up to 200</p> <ul style="list-style-type: none"> <li>• 1 Grade 7, mid-point (32.5hrs term time only)</li> <li>• 1 Grade 6, mid-point (32.5hrs term time only)</li> <li>• 1 Grade 4, mid-point (25hrs term time only). With a further 1 x 25hr additional post per 100 pupils.</li> </ul>
Additional Learning Needs Coordinator (ALNCO)	<p>Funded 0.1FTE teacher up to 100 pupils. Then an additional 0.1FTE per every 100 pupils thereafter (funded at AVTC rate).</p>
Mid-Day Supervisors	<p>Funded 1 x 1hr post per 200 pupils (Grade 3 mid-point, term time only).</p>

Capitation	150 per pupil
Free School Meals	Funded at £2.30 per FSM pupil per day
Examination fees	£532 per Y11 Pupil (invigilator's come under Admin)
Employee Insurance (corporate)	The school is funded the exact charge it is levied.
SLAs / core package	All corporate SLAs with schools delegated (Finance, HR, employment services and BPU) are funded in line with the exact charge that is levied for the enhanced offering.
<b>ALN Block 2</b>	
	Split over all schools using a basket of proxy indicators.  Indicators <ul style="list-style-type: none"> <li>• 33.34% number of pupils scoring under 82 on CAT's</li> <li>• 33.33% Free school meal entitlement</li> <li>• 33.33% Welsh Index of Multiple Deprivation</li> </ul>
<b>Property Block 3</b>	
All premises costs excluding Rates and Statutory testing	A sum of £32 per Square metre for Premises costs.  Plus a % uplift depending on the following Category that the school has for building, energy and Cleaning. <ul style="list-style-type: none"> <li>• A = 0%</li> <li>• B = 1%</li> <li>• C = 2%</li> <li>• D = 3%</li> </ul> A Sum of £2 per square metre for Ground costs
Rates, Statutory Testing and Premises Insurance	The school is funded the exact charge it is levied.
<b>Block 4</b>	
<b>Split Site</b>	Split Site schools are funded as two separate sites for all elements of the funding formula except for the following adjustments <ul style="list-style-type: none"> <li>• Funded as a single school for Admin</li> <li>• Funded as a single school for ALNCO</li> </ul>
<b>Dual Stream</b>	Funded as one single stream for all elements of the funding formula except for the following additions <ul style="list-style-type: none"> <li>• Teacher &amp; Teaching assistant (pupil led) funding – run as two streams.</li> </ul>
<b>All Through School</b>	Funded as two separate schools except for the following adjustments <ul style="list-style-type: none"> <li>• Removed the minimum 0.3 Leadership capacity (primary formula)</li> <li>• ALENCO one school</li> </ul>





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## Appendix A3: Comment on the Powys School Fair Funding Formula Proposals

### Introduction

The table below provides comment on areas specifically highlighted through the consultation, by the Formula Review Group and/or by the external consultant. An officer response indicates the action taken or proposed.

Formula element	Comments arising from the consultation, from FRG or the External Consultant	Officer response
<b>Core Provision: Block 1</b>		
Class teaching	<p>Whilst the balance of consultation responses favoured a simple lump sum and per pupil funding allocation, citing the avoidance of cliff-edges and the requirement to revise class structures annually, the Formula Review Group favoured the allocative efficiency of a step-funded approach, linking funding directly to the number of classes a school would need according to the core educational model.</p> <p>This approach is only truly efficient if the model is updated for pupil numbers for each academic year, if the school's average teacher cost is used rather than the sector average and if a further adjustment is made to ensure that Foundation Phase pupils are not in classes of over 30. These adjustments are to be included in the primary model.</p> <p>The External Consultant recommends that a clear commitment is given to movement towards a simple lump sum and per pupil amount, supporting swifter budget forecasting and encouraging a greater degree of delegated responsibility.</p> <p>The FRG echoed the concerns raised by some within the consultation about the proposal to fund 10% of class teaching (for Planning, Preparation and Assessment) at the HLTA rate, citing phase inconsistency and concerns over the supply of HLTAs. The External Consultant comments that this could be an area of further collaborative development between the LA and the primary sector, to enhance the supply of well-qualified experts who could add curriculum breadth in primary schools and a route into teaching.</p>	<p>The transition from a complex formula to a simpler formula is a huge step in the right direction. Moving towards a lump sum and per pupil allocation can be developed as trust in the new approach becomes embedded and financial planning skills in schools mature.</p> <p>The LA will work with primary school leaders to develop appropriate measures to support the provision of HLTAs and expert coaches, to provide cost-effective curriculum breadth.</p>

Formula element	Comments arising from the consultation, from FRG or the External Consultant	Officer response
Sickness cover and supply costs	On reflection, the consultation proposals were inconsistent across the phases, reflecting current arrangements in many but not all schools. A simple and consistent approach was favoured by FRG and the external consultant, with a percentage uplift to cover insurance, agency staff, supply teachers and cover supervisors, without specifying a specific route.	Supply cover is now provided for within the formula.
Teachers – leadership and management	<p>The consultation proposals were for a class number allocation for primary or a simple percentage as for secondary. The responses favoured a simple percentage for both phases but FRG members were concerned to ensure adequate transparency and protection for Heads of very small schools, at least initially. FRG members also expressed concern over the calculation for additional management time in secondary schools, as this equated to a higher contact ratio than discussed during the development phase. This, combined with the capping of salary funding bands, is likely to reflect a squeeze on capacity in secondary schools, consistent with the proposal to fund PPA cover in primary schools at HLTA rates.</p> <p>The External Consultant recommends a move towards a simple percentage calculation over time, with a top-up for very small schools to protect a minimum entitlement. This would support local flexibility and innovation.</p>	<p>This will be looked at as part of future proofing the formula.</p> <p>Transitional financial support and HR advice will be provided to those schools implementing a restructuring of staffing roles and grades.</p>
Admin Support	<p>Some concern was raised about inconsistency between phases and the grades used to calculate the amount of funding.</p> <p>The External Consultant recommends that a cross-phase model based on a lump sum and per pupil allocation could be developed for implementation within a few years and this could facilitate pooled funding for cluster arrangements.</p>	<p>This will be looked at as part of future proofing the formula.</p> <p>Care is needed in considering the fairness of the allocation for admin in that SLA support services between the phases differ in scope and level.</p>

Formula element	Comments arising from the consultation, from FRG or the External Consultant	Officer response
Teaching Assistants (TA) and other Education Support Staff	<p>The different approaches proposed for primary and secondary phases do not allow for a straightforward comparison to ensure equity. Concern was raised at FRG over the apparent disconnect at the point of transition, but this is obscured by the more detailed definition of roles in secondary and by the fact that additional capacity is expected to be afforded through Block 2.</p> <p>The External Consultant recommends that a cross-phase model based on a lump sum and per pupil allocation could be developed for implementation within a few years, facilitating local innovation and flexibility.</p>	This will be looked at as part of future proofing the formula.
Additional Learning Needs Coordinator (ALNCO)	<p>The consultation proposals were not clear enough about how capacity in secondary schools would grow with school size. This was discussed with FRG and a modified proposal developed that would suit both phases in a consistent way.</p> <p>Concern was expressed that higher levels of additional need would demand greater ALNCo capacity and this would need to be covered in Block 2.</p>	<p>The final proposal reflects the need to increase ALNCo capacity with school size across all schools.</p> <p>This will also be addressed as part of the ALN review, in relation to capacity and the scope for cluster-based approaches.</p>
Capitation	Reasonableness testing had identified the need for a lump sum allocation within the primary model to ensure small schools have sufficient funding for fixed costs such a telephone line and photocopier. FRG agreed.	This has been built in to the formula.
SLAs / core package	As the planned review of SLAs was deferred, this area of the formula has not been subject to scrutiny as yet. The interface with administrative capacity and capitation will need to be taken into account when the review does take place, as a different level of support for each phase could account for differences in other areas of the formula.	The review of support service SLAs will take place in time to inform funding allocations for 2020/21.
<b>Additional Needs: Block 2</b>		
ALN Allowance	<p>The consultation sought views on the essential elements of this area of the formula. Given the ongoing ALN Review, the recommended approach is to minimise the turbulence in this block at this stage.</p> <p>FRG considered the difficulty of determining the funding pot required for this area, acknowledging that staff in schools and parents would always desire a higher level of support, whatever level of funding is available, which is entirely understandable. A minimum level of funding was considered, consistent with the existing budget,</p>	<p>This is going to be addressed more so as part of the ALN review.</p> <p>Establishing a shared understanding of core provision is an essential precursor to the development of funding arrangements for the support for children and young people</p>

Formula element	Comments arising from the consultation, from FRG or the External Consultant	Officer response
	<p>less that amount that could be clearly demonstrated as having moved into the core Block 1 to reflect inclusive practice.</p> <p>The External Consultant recommends that as the new formula develops in this area care is taken to ensure its scope reflects both learning needs and the support required for vulnerable children, and that the implications for leadership and ALNCo time, for administration and non-contact time are all reflected, not just TA capacity.</p> <p>The External Consultant reflected that care is also needed to ensure that proxy indicators cannot be manipulated, that the phase balance is appropriate and that the interface with top-up funding for named pupils is as clear as possible.</p>	<p>with additional needs. The proposed formula seeks to fund inclusive provision, providing for a diversity of need in every school in Powys.</p>
<b>Property Block 3</b>		
All premises costs	<p>Many schools raised concerns that the use of historic spend on premises to guide future funding allocations would lead to poor condition school buildings and potential safety risks over the medium to longer term.</p> <p>The External Consultant noted that capital investment in building condition and energy efficiency would release savings in schools and through the formula and it would be important not to double count the benefits.</p>	<p>A review of this area will need to take place in 2019 to address any issues.</p> <p>The implications for formula funding will be modelled as part of every capital investment project in schools.</p>
Sixth Form premises	<p>The formula proposals make an adjustment to the premises calculation to reflect the proportion of the buildings used for post 16 provision. FRG and the External Consultant raised concerns that the Post 16 grant is only just adequate for marginal teaching costs and with further cuts expected, this adjustment could leave secondary schools with a funding shortfall. This is an area to cover further in work on the Post 16 formula.</p>	<p>This area will need to be looked at as part of the Post 16 review.</p>
<b>Policy priorities and exceptional circumstances Block 4</b>		
Split Site	<p>Consultation responses were polarised in this area, with strong arguments for split site schools delivering efficiency savings rather than extra costs set against equally strong arguments that a school with two sites at some significant distance must be funded as it was two schools initially before savings could be identified.</p>	<p>Split site schools have been treated as two separate schools with a couple of amendments listed in Appendix A2.</p>

Formula element	Comments arising from the consultation, from FRG or the External Consultant	Officer response
Dual Stream	<p>The consultation responses echoed FRG discussion in this important policy area, with views often reflecting the type of school represented. Consensus was only achieved over the need for equity although the implications and mechanisms for funding were not always agreed upon.</p> <p>The consultation identified two options for funding dual stream provision. On balance, the responses indicated a preference towards reflecting the actual provision taking place in each school, the balance of pupils and proportion of the curriculum taught in two languages. This approach is the most sensitive to changes in pupil numbers and could result in significant turbulence year on year.</p> <p>The External Consultant recommends strong consideration is given to a simple approach, giving both schools and the LA greater predictability in planning finances and provision.</p>	<p>The formula has been calculated assuming that the whole curriculum is available in two languages in both primary and secondary bilingual/dual stream schools, to minimise the year on year turbulence.</p> <p>This provides for the development of Welsh Education in line with the strategy.</p>
Curriculum protection in secondary schools	<p>The Curriculum Regulations require a minimum of twenty-five subjects to be offered, although there is no requirement for all to be delivered, particularly if it is not viable. This is a difficult area of policy for the LA as the discretion to provide fewer subjects rests with the school and there is a strong case for equity in curriculum breadth without penalising pupils in rural areas and small schools.</p> <p>This case was made strongly at FRG and External Consultant recommends that this could be an area of further collaborative development between the LA and the secondary sector.</p>	<p>The formula proposals ensure funding for a minimum of nine option choices in addition to core subjects. Additional breadth could be achieved through innovative and collaborative approaches.</p> <p>This aspect of the core offer will need to be discussed further with the sector, aligned to the implementation of the new curriculum.</p>

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## Appendix B – Options to revise the educational offer to align with affordability envelope

No.	Suggested area of reductions for consideration	Notes	Potential Reduction
1.	Reduce funding on Capitation	This represents a modest cut to no-staffing budgets in an area of spending that is traditionally targeted during times of budget pressures.	£215k for 15%
2.	Increase contact ratio by 1% in Secondary. Which FRG agreed as 80% initially.	The contact ratio is already calculated at 83%, and secondary schools are averaging 75-80%. This represents a considerable reduction in management and leadership.	£199k on Teaching costs.
3.	Increase class size in KS3 and KS4 to 32 (excluding Science, DT and KS4 options)	In some schools there may be physical constraints that limit the ability to deliver this. As a consequence, the reality may impact on inclusion as the intended small class may be sacrificed.	£578k on teaching costs  Class of 31 = £262k Class of 33 = £840k
4.	Alternative option for option 3. Adjust first class size from 15 to 17.	This would mean a cut in the ALN provision	£712k on teaching costs, however this would reduce the ALN budget by £712k, therefore no saving
5.	Reduce management time minimum in Primary from 0.3 to 0.2	This would add additional pressure to headteachers	£350k
6.	Alternative option to option 5. Adjust contact ratio in Primary to 83% but protect small schools for 0.3 management time	This would add additional pressure to headteachers	£465k
7.	Reduce funding on Maintenance	Reducing maintenance funding would have a detrimental effect on the condition of already deteriorating buildings, and will potentially impact on the future Capital budget	Not an option
8.	Increase KS2 class size to 32 but protect Foundation Phase at 30	This would not be advisable without consultation with unions and other stakeholders	Additional cost not a saving
9.	Increase KS4 option class size to 25	Perceived workload issues	£417k

**Appendix B continued.**

**Options 1, 5 and 9 have been used to calculate the gap between the formula in line with the affordability envelope for FY1920.**

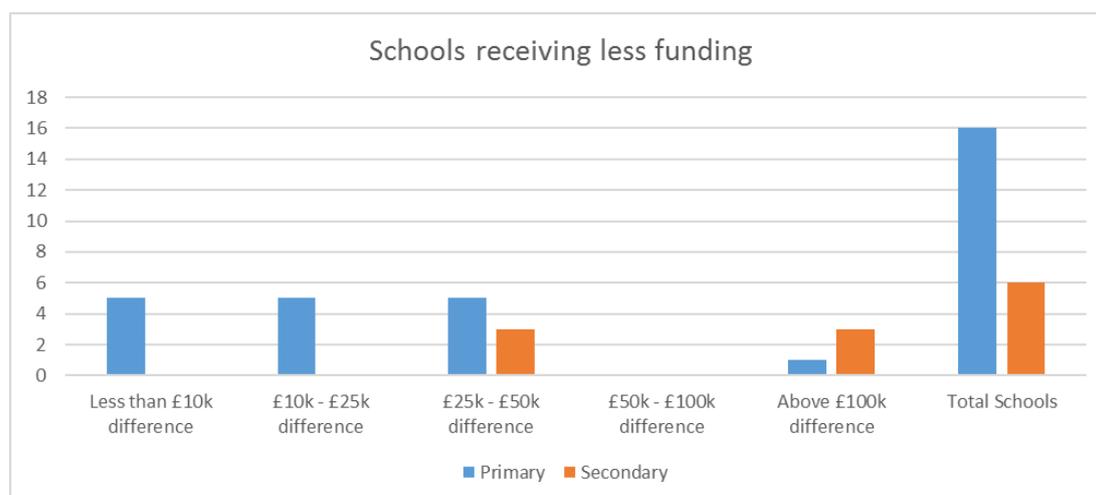
**Potential policy changes to be considered that will help to produce a more efficient and effective service (spend to save options):**

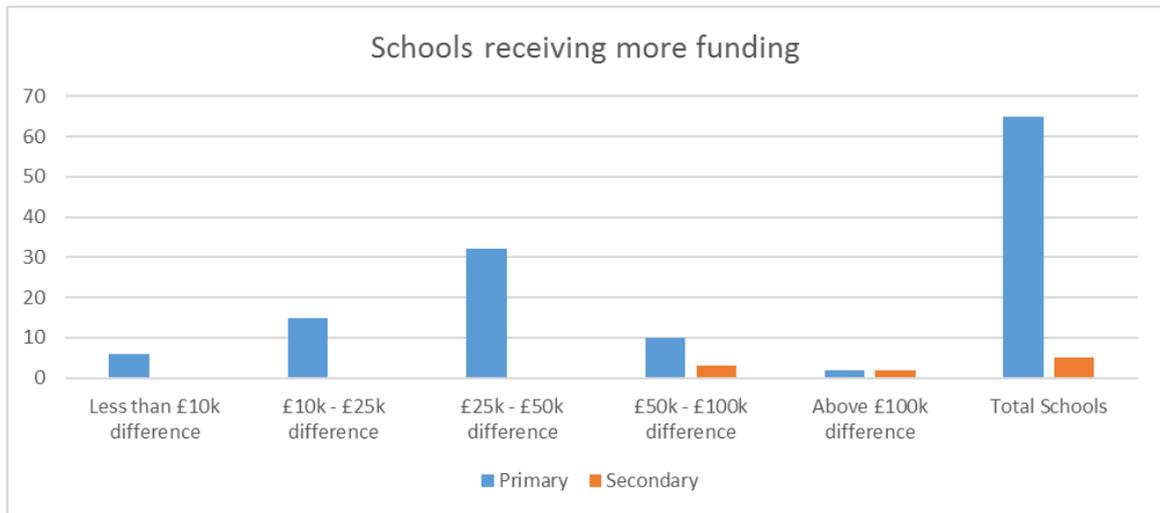
- School procurement strategy, which could be linked to a consensus around some reduced delegation
- Workforce strategy - to increase the number of HLTAs and alter the age and experience profile amongst the teaching workforce (lower the average teacher cost)
- digital learning - especially the potential to connect pupils in one school and teachers in another without transport requirements
- collaborative administration, linked to shared services, PCC SLAs etc)
- investment in preventative and early help services for vulnerable children and BESD learners
- increase in bilingual teachers and in bilingual teaching techniques (reducing the cost of bilingual provision through reduced reliance on dual stream)
- invest in improved energy efficiency or building condition (reduction in formula cost/funding for schools)
- school organisation changes

1.

## Appendix C – Proposed implementation arrangements and Impact Assessment

- Justification for a phased introduction – time for staffing, structure and curriculum changes, provide the right context for challenging deficit budget proposals brought forward by school governing bodies.
- For the purposes of future proofing the formula it is suggested that the AVTC is recalculated on an annual basis. The formula itself is reviewed in line with other reviews across Schools, e.g. the ALN review is due to be implemented in September 2020, and the Post 16 review in September 2019.
- A sub group of the Schools Forum has been suggested as the new FRG to act as a way to review the formula on an annual basis, but initially following each Schools Forum meeting. A mechanism will need to be agreed for reflecting change in cost base e.g. pay awards and on-costs on an annual basis and a commitment from Cabinet to support this. Any legislative and policy changes across Schools or Council will also need to be taken into consideration when reviewing the formula.
- The sub group will also need to look at continuing to move the formula forward and stream line the existing differences between Primary and Secondary in order for an All-through school to be calculated.
- Proposal for implementation and transition could highlight the need for a one-off cost of a maximum of £0.978m. i.e. The cost of those who are due more funding against what reduction is due to be applied other schools, however due to the timings needed for consultation on potential redundancies and the running of GCSEs across two years, there may be a need to protect Schools for a period of time to ensure the curriculum is deliverable. However, this exceeds the available budget, and unless further funding can be identified, transitional arrangements can only be implemented to maintain a neutral budget position.
- The table below shows the impact on schools funding for FY1920





				Over budget						
<b>Pot Available</b>		<b>70,480,215</b>		<b>978,438</b>						
<b>£s variance analysis</b>										
		<b>Total</b>	<b>Primary</b>	<b>Secondary</b>	<b>Less £s</b>	<b>Primary</b>	<b>Secondary</b>	<b>More £s</b>	<b>Primary</b>	<b>Secondary</b>
Less than £10k difference		11	11	0	5	5	0	6	6	0
£10k - £25k difference		20	20	0	5	5	0	15	15	0
£25k - £50k difference		40	37	3	8	5	3	32	32	0
£50k - £100k difference		13	10	3	0	0	0	13	10	3
Above £100k difference		8	3	5	4	1	3	4	2	2
<b>Total Schools</b>		<b>92</b>	<b>81</b>	<b>11</b>	<b>22</b>	<b>16</b>	<b>6</b>	<b>70</b>	<b>65</b>	<b>5</b>
<b>%s variance analysis</b>										
		<b>Total</b>	<b>Primary</b>	<b>Secondary</b>	<b>Less %</b>	<b>Primary</b>	<b>Secondary</b>	<b>More %</b>	<b>Primary</b>	<b>Secondary</b>
Less than 1% difference		5	5	0	3	3	0	2	2	0
1% - 2.5% difference		17	12	5	7	4	3	10	8	2
2.5% - 5% difference		16	13	3	9	7	2	7	6	1
5% - 10% difference		22	19	3	1	0	1	21	19	2
Above 10% difference		32	32	0	2	2	0	30	30	0
<b>Total Schools</b>		<b>92</b>	<b>81</b>	<b>11</b>	<b>22</b>	<b>16</b>	<b>6</b>	<b>70</b>	<b>65</b>	<b>5</b>

1.



## Learning, Skills and Economy Scrutiny Committee – 4<sup>th</sup> January 2019

### Scrutiny Briefing – Funding Formula Review – Post Consultation

This paper is being brought to committee for pre-Cabinet scrutiny ahead of a Cabinet meeting on 15<sup>th</sup> January 2019.

In February 2017 Cabinet requested a ‘fundamental review of the Schools funding formula due to concerns about the level of deficit occurring in some schools and the need to ensure all schools are able to deliver a minimum curriculum.’ (Cabinet Report 20<sup>th</sup> February 2018). A detailed project timetable was prepared with the intention that a final paper would be brought to Cabinet in January 2019 for approval and implementation from April 2019.

Scrutiny have followed the progress of this review undertaking pre-Cabinet scrutiny of the proposal to go out to consultation at a meeting of the Learning, Skills and Economy Scrutiny Committee on 18<sup>th</sup> June 2018. The following scrutiny observations were made:

- *The Cabinet report is light in detail in a number of fundamental places. It is understood that Cabinet will receive a verbal update on the detail regarding Block 1 of the Formula which will be considered at a meeting of the Formula Review Group on 29<sup>th</sup> June 2018 (part 4.3 of the report). Further, work on other blocks will be undertaken during July and August. Without this detail it has been impossible for scrutiny to be undertaken of this document and therefore meaningful observations cannot be made. In particular scrutiny are unable to comment on the ‘overall design of the revised funding formula’ and believe that Cabinet will only be in possession of information regarding one of the blocks of four at that meeting by way of a verbal update. This is not considered to be an appropriate level of oversight.*
- *The Cabinet report also acknowledges a risk ‘that there is a mismatch between the cost of the education schools expect to offer and the funding that is available’ (part 4.7 of the report) and that ‘it is likely that a formula designed to adequately resource the current pattern of provision would require funding at a level that would exceed the current funding envelope’ (part 6.4 of the report). This acknowledgement of risk is a position that scrutiny share particularly in light of the current deficit school budget projections that Cabinet recently received.*
- *Scrutiny remain to be convinced that the timeline proposed in relation to this review are achievable. This concern is made more acute in light of the fact that the majority of the remaining preparation time falls within the school holiday period.*

- *Scrutiny received an absolute commitment in their meeting that there would be a further opportunity for scrutiny of the School Funding Formula Review prior to the Formula being published for consultation.*

**Recommendations:**

1. ***That this paper be made available for scrutiny in early September prior to a decision being taken to proceed to full consultation with an opportunity available for scrutiny observations to be taken into account when this decision is made.***

These observations were considered at Cabinet on 10<sup>th</sup> July 2018 where the Chair of Learning, Skills and Economy attended to present the above observations. The following is an extract from the minutes of Cabinet on 10<sup>th</sup> July:

*The Portfolio Holder for Learning and the Welsh Language explained that the new funding formula for schools had been developed by a Formula Review Group, with support from officers in Education and Finance and an external expert. School leaders had been consulted throughout the process. Whilst the new formula would not provide any additional funds it would help establish the cost of provision and ensure that funds were distributed fairly. A consultation would run between 17 September and 26 October and would inform recommendations for the formula for 2019/20, to come to Cabinet in November.*

*County Councillor Pete Roberts expanded on the views of the Learning Skills and Economy Scrutiny Committee as reported in the paper circulated with the agenda. The Committee had been concerned that the report lacked detail in some areas but had been reassured by the commitment given to them that there would be a further opportunity for scrutiny in September before the consultation started.*

<b>RESOLVED</b>	<b>Reason for Decision:</b>
<b><i>That Cabinet approves the overall design of a revised funding formula for schools.</i></b>	<b><i>To inform the next stage of detailed formula development.</i></b>
<b><i>That Cabinet delegates the decision to proceed with full consultation with all schools to the Portfolio Holders for Learning and Welsh Language and for Finance.</i></b>	<b><i>To ensure the project timeline provides for adequate consultation and a clear recommendation for budget setting.</i></b>

The Learning, Skills and Economy Scrutiny Committee then received a presentation on 29<sup>th</sup> August 2019 which provided opportunity for further scrutiny ahead of the consultation. The minutes of this scrutiny meeting are attached at Appendix A.

The consultation took place during the autumn of 2018.

Scrutiny then received a briefing on the review on the 13<sup>th</sup> December 2018 the minutes of that meeting are attached to the agenda of this meeting for approval.

The purpose of the meeting on 4<sup>th</sup> January 2019 is to consider the proposals and provide observations and recommendations to Cabinet. A number of issues were discussed at the briefing in December and there will be an opportunity to ask the Portfolio Holder her view on the proposals.

Areas that Members may wish to explore further include:

- The outcome of the consultation undertaken in autumn 2018
- The gap identified in 5.3 of the report
- Transition arrangements
- Supply costs
- The relationship between pre and post 16 funding
- Leadership costs on split site schools

Any proposals for change such as those put forward in this Cabinet paper will result in winners and losers. It is important that scrutiny does not focus on the impact on individual schools and keeps any debate at a strategic level.

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