

**MINUTES OF A MEETING OF THE LEARNING AND SKILLS SCRUTINY
COMMITTEE HELD AT COUNCIL CHAMBER, COUNTY HALL - COUNTY HALL ON
FRIDAY, 29 NOVEMBER 2019**

PRESENT

County Councillor P Roberts (Chair)
County Councillors B Davies, S Davies, D R Jones, K Laurie-Parry and L Roberts
Parent Governor Representative S Davies
Church Representative M Evitts

In attendance:

County Councillors A Davies (Portfolio Holder for Finance and Transport)

Independent Member J Brautigam (Chair of Finance Panel) and County Councillor D Thomas (Finance Panel Representative)

G Taylor (Chair of Formula Review Group)

L Lovell (Interim Head of Education), G Rees (Education Consultant), J Thomas (Head of Finance), N Owen (Finance Manager) and E Patterson (Scrutiny Officer)

1.	APOLOGIES
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Apologies for absence were received from County Councillor G Thomas and Parent Governor Representatives: A Davies and G Robson.
County Councillor P Davies (Portfolio Holder for Education and Property)

2.	DECLARATIONS OF INTEREST
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No declarations of interest were received.

3.	DECLARATIONS OF PARTY WHIP
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No declarations of Party Whips were received.

4.	MINUTES
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Clarity was sought regarding the omission of a question relating to the Learning and Inclusion Team. This would be checked by the Scrutiny Officer and the minutes would be brought to a future meeting of Learning and Skills Scrutiny meeting for approval.

5.	AMENDMENTS TO THE SCHOOLS FUNDING FORMULA AND SCHEME FOR FINANCING SCHOOLS
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The draft Amendments to the Schools Funding Formula and Scheme for Financing Schools (copy filed with signed minutes) was presented.

The Finance Manager outlined that a redesign of the Funding Formula had taken place during 2018 which was implemented in April 2019 with a transition period in 2019/20 and full implementation from April 2020. It had been recommended that a review was undertaken of the impact of the new formula which took place at the end of the summer term and beginning of the autumn term 2019. This review, together with benchmarking had highlighted that a shift in funding had taken place from secondary to primary. It also showed the level of funding schools would have received had they been subject to the formula applied in two other authorities. The review identified a range of pressures and options of which were considered by the Formula Review Group and some were taken forward for consultation in October/November 2019.

The review has identified that a shift in funding has occurred from secondary to primary but other than a proposal to fund TLRs there seem to be no other proposals to rebalance the distribution of funds?

The funding formula in Powys distributes funding on a needs based formula. For example a school of 130 pupils will need x teachers. The needs of small schools in Powys are taking a disproportionate amount of the funding available but these small schools are only receiving what they need to function. It will be necessary to review the number of schools in Powys but it is essential to keep a transparent Funding Formula up to date to distribute funding to schools during this transition period. The new funding formula has produced a transparent base which has been acknowledged by regulators and changes will need to be clearly made in parallel with schools transformation.

If the £1.4 million is not provided during the budget setting process the secondary schools will continue to struggle whilst priority is given to primary schools.

It is hoped that when the settlement is received this funding will be built into the agreed budget. The needs of all schools primary, secondary, small or large can then be met.

The Chair of the FRG advised that this should not be described in terms of who does better out of the formula but in terms of the changes between the old and new formula. The FRG have identified the problems outlined in respect of small schools but this will need to be addressed under the Schools Transformation Programme. If £1.4 million is made available to Secondary Schools these schools will be provided with the additional funding required to meet the costs of the TLR payments they are contractually required to pay.

There does not appear to be equality in the funding of schools with pupils attending small schools receiving £6-7k per pupil funding compared to a far lower level available to pupils attending larger schools.

Schools are funded to provide a teacher for a class size of 10 or 30 so each pupil has equality of provision in that they are all in a funded class in school. The increased costs of funding small schools are paying for surplus places and an

inefficient model of delivery. The Schools Transformation Programme will address this.

The funding changes mean schools are receiving funding for support staff at a lower level than they have appointed these staff. Job Evaluation would mean these staff should not be paid less than their posts have been assessed at.

Job evaluated posts will have to be paid at the level they have been evaluated at. Schools will need to review their staffing structure to ensure that appointments are made at the correct level.

The funding formula does not provide dedicated resources to support trochi (immersion for pupils new to studying through the medium of Welsh). Without this dedicated resource there will be no increase in the number of Welsh speakers in Powys.

The schools service team are currently out meeting with all secondary schools in the county as part of school transformation and this includes consideration of Welsh medium education. The Government are due to announce shortly a new framework for Welsh Language in Wales. It will be necessary to carefully consider the funding formula in relation to this new framework.

Did the FRG consider the impact of the changes to the funding formula on the Welsh language?

The Chair of the FRG confirmed that the impact of the changes on the Welsh language had been considered. It does not appear that Welsh Medium or Dual Stream schools are worse off than English Medium Schools. The additional costs of providing Welsh Language materials was also discussed but no proposals were made in this respect.

Recommended that the interaction between the WESP and the Funding Formula are considered as a priority in the next school funding cycle as scrutiny are concerned that the impact of the changes of the funding formula on Welsh medium education are unknown.

What will be the impact on the overall Council budget of the proposal to fund TLRs (£1.5 million), on top of funding the teachers pay and pensions award, the impact of Post 16 funding (not clear) together with the undelivered savings the Council have to cover this year?

The planned budget for next year includes a number of service pressures and cost reductions. Cabinet are developing the budget and are waiting for the 16th December when Welsh Government announce the provisional settlement.

Is funding for the £1.4 million TLR cost dependent on receiving £4.3 million to fund the teachers pay and pensions award?

No.

Why has benchmarking been left to the review of the Funding Formula changes to complete. Should this have been done when the initial changes to the funding formula were considered?

This should have been done when the original review took place however, information for benchmarking between schools within the authority had not been available and is now been gathered after which it will be possible to benchmark against other authorities.

The Chair of the FRG advised that school budgets are a risk to the authority as they are expected to rise over the next few years however, it is also important to look at the effect of funding levels on individual schools. It is understood that all Council departments are being asked to reduce spending by 2% and if this happens, the TLR and teacher pay awards are unfunded then schools will be facing huge problems.

The Head of Finance agreed this would be the case but must not be allowed to happen. At present the proposals are trying to create a stable position whilst schools transformation takes place.

Section 3.1 of the report outlines how schools were assessed for funding using two other local authorities formula but the findings only relate to internal matters, not the findings though applying other formula.

This exercise found that the smallest schools are doing marginally better but the bigger the schools the larger the gap.

Does the Powys funding formula create a structural imbalance compared to other authorities?

To extent this is the case. Whilst there have been some changes structurally across Powys under the 21st Century Schools programme other authorities are far further ahead with this programme and therefore Powys has a far higher number of small schools compared to other local authorities.

Therefore Powys has a structural imbalance in the schools estate as well as the funding formula.

Powys is funding small schools which would not exist in other areas. It is necessary to ascertain what the authority can afford to maintain.

Are line by line reviews of budgets taking place in the education service?

It is essential to know what outcomes are being achieved by the money that has been spent.

The Portfolio Holder for Finance joined the meeting 3pm

Scrutiny have previously asked which schools would benefit from the changes in the formula. Whilst it accepted that none of the Officers attending today were in post when this was considered last year scrutiny have yet to receive an answer.

The funding formula was modelled on various sizes of schools which resulted in a proposal to implement a two year transition period to smooth the impact on schools. The FRG was not given this information to ensure that their

recommendations were based on principles and were not skewed by a wish to protect their local schools.

In addition the better/worse off schools fall into bands as funding is based on class sizes with for example 149 pupils resulting in 5 classes and 154 pupils resulting in 6 classes which demonstrates the stepped nature of the budget. The original funding formula did not account for pupil movements which have been an issue in some schools but changes are proposed in this paper to address this.

What would happen if a school were to lose pupils in year which would put them into a band above or below the band they were assessed to be in for the year?

There is a contingency fund held centrally that can be applied for in such cases. At present this is approximately £150k.

Scrutiny were previously told that the Funding Formula Review would identify how much funding was needed for schools. Why is it now proposed to increase this by £1.4 million which equates to 3% on Council tax?

The Head of Finance advised that this is a pressure that has been submitted by the service.

Schools are contractually bound to pay TLRs therefore it is necessary to fund these either through from Welsh Government funding or from Council tax.

The Portfolio Holder for Finance advised that last year schools delegated budgets received an additional £1 million which was not earmarked for any specific spending.

Can capital receipts be used to support the transformed schools?

Capital receipts are being used to support transformation by funding severance costs. The available capital receipts have been fully committed from the previous three years and the next three years. Capital receipts can also be used to support the school's transformation programme but cannot be used to support school's revenue spend.

Do schools still order fuel, utilities and consumables separately?

Schools are encouraged to use central council contracts and Business Managers can help schools find the best prices for these items.

If pupils have to attend out of county sixth form provision because Powys schools do not offer the course a pupil wishes to study does Powys pay for their transport to the out of county provider and if so how much is this costing?

This information would be provided after the meeting.

The report refers to an Impact Assessment which was not attached. This needs to be provided prior to consideration at Cabinet and it is disappointing it was not available before this scrutiny session.

This has been signed off very recently and can be provided to scrutiny.

Post 16 Funding

Is any funding provided for pastoral care, careers advice and UCAS support from Post 16 funding?

This work is part of the teaching and learning funding from this grant but it might be concluded that this is supported by pre-16 pastoral care funding.

Scrutiny have highlighted cross-subsidisation on a number of occasions but the extent to which this occurs has not been quantified.

The Post 16 grant from Welsh Government is based on a number of factors including the number of learners, deprivation levels, sparsity and Welsh medium provision. At present there are approximately 500 learners accessing post 16 education out of county which equates to a loss of grant funding to the authority of approximately £2 million.

The Post 16 funding formula is detrimental to the provision of Welsh medium courses as part of the funding is calculated on the basis of previous courses and entries to examinations. As previous courses and entries to examinations through the medium of Welsh are decreasing this will only add to the cycle of decline which is contrary to the Welsh Governments aim to increase the number of Welsh speakers.

The Chair of the FRG noted that this equally applied to English medium and dual stream schools.

The Education Consultant observed that Members need to ascertain what education offer they would wish to provide and then the Funding Formula can be designed to support this. At present the funding formula is supporting the legacy of too many too small schools.

Point 2 of the principles notes the new formula allocation contains 'a fixed allocation for the local authority to spend on marketing of Post 16 providers and courses'. How much is being retained centrally for this purpose?

To be provided after the meeting.

Scheme for Financing Schools

The Finance Manager outlined the main changes apart from changes to job titles and statutory guidance as amending the time available to pay back a deficit. This will give the authority more flexibility in dealing with schools with deficits and ensure that the education of current pupils is not harmed. A risk register has also been added.

The Chair of the FRG outlined there had been a difference of opinion regarding the timescales for those schools who are subject to a Warning Notice. The FRG are of the opinion that all schools should be treated equally whereas Officers suggested that a little flexibility may be appropriate in certain circumstances and would help build relationships which Estyn had noted were fragile.

The Finance Manager confirmed that timelines for schools under a Warning Notice would be considered at a future meeting of the FRG together with Good Practice Guidance.

Recommended that the timelines for schools under a Warning Notice would be made available for scrutiny in due course.

The Education Consultant noted that budget problems are cause of stress to Senior Leaders in Schools and it is necessary to work with schools where possible to resolve the problems. The particular problem faced by Powys is that structural change is needed to make the budget go round.

The numbers on roll are dated 2016. Will these be updated?

Yes.

The Chair of Finance Panel observed that the per pupil funding in Powys was approximately £800 more than the Welsh average and was the highest in Wales but the delegation rate was the lowest in Wales due to both transport costs and a high spend on SEN. Powys spend the most on home to school transport and a third more than the nearest authority (Ceredigion).

6.	CHAIR'S BRIEFING
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The Chair advised that particular problems had been experienced by the Pairs of Members undertaking scrutiny by skype of the PIAP particularly when using Committee Room B. IT are aware of this problem but in the meantime he has requested Member training on Microsoft Teams which should be a more stable platform to use.

7.	WORK PROGRAMME
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No changes had been made to the work programme recorded in the agenda.

County Councillor P Roberts (Chairman)