

**MINUTES OF A MEETING OF THE LEARNING AND SKILLS SCRUTINY
COMMITTEE HELD AT BY ZOOM ON FRIDAY, 10 DECEMBER 2021**

PRESENT: County Councillor P Roberts (Chairman)
County Councillors S C Davies, D R Jones, E Roderick, L Roberts, K M Roberts-
Jones, A Jenner, DW Meredith, J M Williams.
Co-Opted Members: A Davies, S. Davies and M Evitts

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies (Portfolio
Holder for Finance and Transport)

Officers: Lynette Lovell (Director of Education), Geraint Rees (Education Consultant),
Wyn Richards (Scrutiny Manager and Head of Democratic Services), Anwen Orrells
(Senior Manager – Education Services), Mari Thomas (Finance Manager) and Jennie
Spraggon (Finance Business Partner)

1.	APOLOGIES
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Apologies for absence were received from County Councillors T Van-Rees, J
Berriman, B Davies, G Thomas (other Council business) and from County
Councillor P Davies (Portfolio Holder for Education and Property)

2.	DISCLOSURES OF INTEREST
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There were no declarations of interest from Members relating to items for
consideration on the agenda.

3.	DECLARATIONS OF PARTY WHIP
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The Committee did not receive any 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.

4.	SCHOOLS DELEGATED BUDGET FUNDING FORMULA REVIEW / REVISIONS TO THE POWYS SCHEME FOR FINANCING SCHOOLS
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Documents Considered:

- Report of the Portfolio Holders for Education and Property and Finance
and Transport

Issues Discussed:

- One of the actions from the Estyn inspection was to maintain a rolling
review of the funding formula. The remit of the review was to develop a
schools delegated budget formula suitable for the schools estate following
the strategy for transforming education in Powys. A formula review group
was established and reviewed a range of school funding formulae from
other rural Welsh local authorities before developing the proposals which
has been out to consultation in October.
- This is a point in an evolutionary development. Work was undertaken back
in 2018 to review the formula and deliver a more transparent mechanism
of funding schools and provide stability. With changes happening around
the service it was an opportune time to review the formula. Consideration

was given to whether to look at the formula for primary, secondary and special schools. The PRU (Pupil Referral Unit) and other special units do not have delegated budgets. The special schools are to be rebuilt so it was considered an inappropriate time to review their delegated budgets. These will be considered in future once the schools are in their new buildings.

- This proposal has been scrutinised by officers, a formula review group (comprising a representative group of headteachers from samples of different types of schools), and a partnership between the finance and schools teams.
- Changes were made to the secondary budgets by the Cabinet from 2020 following the Estyn inspection in 2019 which brought some stability to secondary schools. Although the secondary schools formula will need to be reviewed again, the priority became the formula for primary schools for a number of reasons.
 - Firstly, one of the elements built into the funding formula was based around being able to run classes of 30 or less learners. Therefore, if a school of 59 learners became a school of 61 learners the formula would provide an uplift to employ a new teacher for two additional learners. The question was in terms of how many steps you could have as step changes could have a significant funding impact based on small changes in learners.
 - There are different funding models around the world which vary depending on what the school estate will look like. Each one has uniqueness built into it, however, the most common method of formula allocation (based on OECD research) (Organisation for Economic Cooperation and Development) is based on the number of pupils, which is being used in the proposal. Then you have pupils who might need additional support such as ALN or bespoke needs of learners. The third factor recognised by the OECD is unique factors linked to the school which would be significant for Powys. The Council has a range of schools varying between those with less than 30 learners to those with over 300 learners and therefore the formula cannot be solely driven by pupil numbers.
 - The fourth element recognised by the OECD is that there are local, national or regional priorities which schools need to deliver. Therefore, there needs to be a component in the formula about driving such changes as the new curriculum and developing the workforce. These priorities will vary.
 - The OECD model with four component parts became the driver for this review.
 - Component two (ALN) was addressed last year which provided targeted funding to pupils with additional learning needs. The main focus this time is component one (per pupil sum) and what are the unique factors. Component four is largely around Welsh Government grant funding.
- Component 1 – Per Pupil Allocation
 - The current formula was used as the base but with the additional allowances for smaller schools removed. This was then applied to a model 135 pupil school which reflected the median for Powys schools (based on a range of schools between 30 and 300 pupils).

- For teacher costs, the average teacher cost was not used and the leadership scale point 2 was applied instead. This provided an uplift on the previously used average teacher costs for the model school.
- Component 2 – Additional sums for learners with ALN
 - No changes in the methodology for ALN learners were being proposed. However, it was proposed to adjust pupil numbers (0.5 FTE) for those attending a specialist centre to allow schools with specialist centres to integrate children from those centres.
 - This means that schools with specialist centres are not disadvantaged and also means that pupils with ALN can attend mainstream classes as well as attending the specialist unit when they need to.
- Component 3 – Unique factors to Individual Schools
 - Small schools top up. Additional bands have been set for these schools.
 - Class size top up. Current steps and thresholds removed but schools given additional funding where pupil numbers in a class fall between multiples of 30 pupils thus smoothing out the step.
 - Junior school top up. Additional funding allocated for foundation stage and Key stage 2 to provide flexibility.
 - Dual Stream schools top up. This mirrors the small school top up and it depends on which stream is smallest as to what top up they would gain.
 - Bilingual school top up. Evidence has shown that there are additional costs such as the need to correspond in two languages.
 - Premises and grounds areas – Top ups for Surplus floor area / External grounds area; Building Condition; Premises and other factors. For village halls, statutory testing and insurance the schools will be funded the costs that they are charged for these elements.
- Component 4 – County-wide / National Improvement Priorities
 - This is for future consideration and could be used for collaboration funding, business / financial support to schools, all age schools / cluster developments.
- The proposed implementation is over 3 years to mitigate the risk and minimise disruption for schools as well as giving schools time to plan for their budgets in three years time. There will be a continuous review of the proposed formula during that period.
- It is anticipated that the revisions will cost about £135k more in total than the current formula, but because of the phasing this will only be £24k additional cost in 2022-23.

• **Questions:**

<p>Page 6, paragraph 3.9 – additional top up for pupil numbers. Could you explain how equity is achieved, as the number of pupils in each category is not the same. How did you arrive at the pupil numbers for this top up.</p>	<p>The budget will primarily be driven by pupil numbers. The per head allocation is the same across the system. The costs of running a school will be greater when averaged on a per pupil basis for a small school by comparison to a larger school with larger numbers of pupils. The reality is that it does cost</p>
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	<p>more to run a small school and it will not be only top up that school will require e.g. to run classes with viable sizes. The Council is providing significant sums to maintain small schools, this proposal sets out clearly how much it does cost.</p> <p>After allocating the per pupil allocation across all schools, the finance team looked at all the other elements in the current formula and where there was a shortfall for those costs. As a basis the steps were to ensure that there was sufficient funding for the number of teachers that those schools required.</p>
<p>The headteacher is the obvious cost. What other costs impact disproportionately on smaller schools.</p>	<p>With schools with less than 30 pupils it would not be expected for all pupils to be in one class. It is quite a generous per pupil allocation using the leadership scale cost for teachers, so it would give the school slightly more than it needs to run one class but not enough to run two classes, and other resources such as teaching assistants.</p>
<p>Looking at larger schools there are equally additional costs for example where there might be a need for an additional teacher and more administrative support. There does not seem to be equity between the types of schools.</p> <p>The class size top up goes to 179 pupils. Have you when you undertook the modelling looked at the schools with more than this number of pupils, and with the allocation to be assigned to them can they afford the current class structures that they have.</p>	<p>The original proposal was modelled on a school between 61 and 149 pupils. The updated modelling undertaken showed that these schools needed a greater top up due to the extra class. What is proposed is to run this for 3 years and then see what anomalies come out of this model.</p> <p>Initial and secondary modelling undertaken took account of changes in pupil numbers in September and inflation. There is confidence that the class size top up only needs to go up to schools of 6 classes or 179 pupils.</p> <p>The question asked is how do you ensure you drive fairness for learners who happen to be in a school of 320 learners and learners in a school of 30 learners. This is the challenge that Powys has. The spend on primary education is</p>

	<p>around the average for Wales. Historically, there has not been an understanding nationally of the cost of running and maintaining a diverse rural education system. This proposal moves to the next step of transparency. Any savings in the system should ideally go back into the education system and the per learner pot so that benefits are spread around the smaller and larger schools and begins to answer the question about how are you fairer to the larger schools.</p> <p>The work undertaken shows that currently larger schools are disadvantaged by comparison to similar schools across Wales. The new formula will provide a growth as the per pupil allocation is a strong driver. The new model provides honesty about who gets what and why and that small schools do cost money. Welsh Government have also got guidance about what percentage of the budget should be pupil driven and this model reflects that.</p>
<p>Can you give an assurance that larger schools over 179 pupils under the new formula will not find themselves in a position where they cannot deliver the class structures they have at the moment.</p>	<p>Class structures may not be an appropriate basis as class structure can change every year. The leadership 2 figure for a teacher's salary which if averages across all the classes in a school is an uplift of over £5000 and that would provide an additional teacher salary driven by pupil numbers.</p>
<p>Component 1 – in the paper there are no references to how administrative support will be changed within the formula. Are the proposed changes referred to in question 9 to be taken forward.</p>	<p>Those questions related to how we came up with per pupil allocations. The administrative time element was one of those elements which had a minimum level built in. There are also the unique factor top ups on top of this. Although teachers at costed at the leadership 2 level there is not an expectation that all teachers will be paid at this level. In the same way the authority is not telling schools how much administrative support it should have, it is up to the school how they spend the funding, it was simply a methodology to</p>

	<p>come up with a per pupil allocation.</p> <p>Because of the way the current formula is constructed, the funding allocated determined what administrative support a school required. In a modern school environment with the funding allocated the head, governing body and senior leadership team need to work out how resources are allocated. If you need an administrative support for a school of 30 or 90, the costs of that support are greater per pupil based on a school of 30. That is built into the small schools top up.</p> <p>Schools will need to look at their funding and determine what they need in terms of support and there is a need to move away from the current position of where the allocation equals the spend.</p>
<p>Component 3 – does a small school top up apply equally to federated schools as if a small school of 30 is federated with a larger school will it still get the top up. Federated schools generally have smaller costs such as a shared leadership team and how will this be taken into account.</p> <p>If with a shared leadership that means less costs, should this not be taken account of in the formula.</p>	<p>Federated schools are still treated as separate schools as far as the formula is concerned, so they are funded as individual schools. If a shared leadership team is in place that will give the school greater freedom in relation to other parts of their budget. It is the governance which is federated.</p> <p>One of the reasons for federation is to seek benefit for learners. The net gain of federation should be for the learners rather than the local authority holding back funding which is saved. School can use this funding as they wish for learners. Federation of schools is not a major cost saving.</p>
<p>A comment has been made that once the lump sum is delegated its delegated. Over the last few years there have been cluster business managers, tested and sometimes lost as not every school in the cluster contributed to funding the post. During the review was there consideration of moving some funding out of delegated budgets for posts which work across a cluster</p>	<p>This is an area where work has been going on around cluster business managers. It has been disappointing when this has not worked in the past due to one school withdrawing from the scheme. Any proposal coming forward regarding such posts needs to be sustainable and will also require the agreement of the cluster. It also needs a funding model which</p>

<p>such as business managers and retaining it centrally to reduce the risk of losing these posts.</p>	<p>makes this more sustainable and it would have an implication for central services as some elements of the work undertaken by the finance team could be undertaken at school level. Therefore a further piece of work needs to be undertaken on this and it could be included in Component 4.</p>
<p>Point 3.19 – building condition top up. Knowing that some of our buildings are in a poor condition a 3% top up on a condition D building does not seem very high.</p> <p>We know under the transformation process we are looking to replace schools in poor condition, but in the meantime there is work which needs to be done to retain a safe learning environment. Concerned that this may not be adequately addressed.</p>	<p>This has rolled forward the current condition top up to retain consistency with the current formula, and this is for general maintenance of the building rather than refurbishment or backlog maintenance.</p>
<p>Category A has 0% but Members who have had new schools are identifying a number of snagging issues and increased level of maintenance than expected. Has there been an audit of new builds indicating that maintenance costs increase initially and then decreases as snagging issues are resolved and what uplift is being included for the additional transitional burden on those schools.</p>	<p>Snagging issues are the responsibility of the contractor and there is a time between the end of the construction and final sign off where snagging needs to be resolved. If we need to tighten this up then this can be fed back by the Service.</p> <p>The amount of expenditure required for some of our worst condition buildings is of concern and needs to be resolved in the capital planning of the Council and as part of transformation proposals. In the interim the authority needs to make sure that the delegated budget to schools is right for day to day running of the school and that we are realistic about the effect of the maintenance backlog on pupil experience.</p>
<p>In relation to snagging, how long do we hold final payments until snagging issues are resolved.</p>	<p>Will come back to Members on this. It is understood that a school has a year to log its snagging issues and to get them resolved, and the Council has a longer period before it made the final payment.</p> <p>ACTION –Members to be advised of current contractual obligations.</p>

<p>There is some uncertainty in relation to HOWPS and there may be consequences in terms of school maintenance. How much certainty do you have currently about contracts that schools have with HOWPS and onward costs of maintenance programmes.</p>	<p>This was not considered as part of the formula review, but is being taken into account elsewhere in the transition of HOWPS back to the Council.</p> <p>In terms of remedial works, work is going on with the property service. Separately as well there is funding for major improvements. The work with HOWPS on remedial work continues during the transition period. The formula funding is for wear and tear aspects of the school only.</p>
<p>In relation to property plus which is undertaken by HOWPS, what assurance do we have for schools in preparing their budgets that there is a continuity of costs and service until transition.</p>	<p>All statutory remedial works have to be undertaken. Costs over and above property plus costs are currently being met by the service.</p>
<p>The understanding is that when the contract with HOWPS ends the services will come back in house, so nothing should change.</p>	<p>ACTION - Officers to provide more certainty about the transition in respect of HOWPS so schools have more clarity in their budget planning.</p> <p>Reports on HOWPS to the Council need to take account of the involvement with schools. With delegated budgets, we need to be careful that we are not allocating a budget that fits a particular supplier. In the delegated budget there is the freedom for heads and governing bodies to determine from where they obtain a service. This needs to be considered separately from any discussion around the formula.</p>
<p>Three schools in the proximity were built in the 1950s and 1960s and the buildings are sound but will need to be retrofitted to make them suitable for present day sustainability. A school can lose between £50k or £60k if they lose a few pupils. What happens to a school with 151 pupils and a number of those pupils leave. The Head will have to start a redundancy process which can take two terms but in this time period this could be cancelled if more pupils join the school. What will happen to</p>	<p>It is the current formula which includes these big steps which is what the authority is seeking to move away from with the new formula which smooths out such changes. Schools are expected to balance their budgets over next 3 years. If they have deficit in one year this can be licenced as long as they come back into balance within the following year if their pupil numbers increase.</p> <p>Having steps in the formula is one of</p>

<p>that school under the new formula.</p>	<p>the undesirable consequences of the current formula. The new proposal should ease out those changes and schools now should know in September what its funding should be the following April.</p>
<p>How much would a school lose if pupil numbers reduced from 151 to 149 – would it lose more than the basic per pupil amount.</p>	<p>If you have a school of 151 pupils, it would be funded for 5 teachers. There would also be funding for an additional teacher. The school would also receive a top up funding. That linked to the teacher cost would provide a safety cushion in terms of small changes in pupil numbers.</p>
<p>Have we looked at the volatility of schools and looked at the yo-yoing of numbers.</p>	<p>The finance team has the numbers. This proposal will give a far smoother transition for schools in terms of changing pupil numbers. If we are continuing to transform school we will need to take account of where builds might increase pupil numbers or not. This new formula takes away the uncertainty / risk in the system. However the change is transitional and you cannot move to the new formula immediately as there are risks in doing that as well.</p>
<p>Do we know how many 'winners and losers' there are between the old formula and the new formula.</p> <p>When the Committee reviewed the formula last it asked for a data model and examples of what the changes would mean. Will officers be publishing an appendix showing the Cabinet and based on this year's pupil numbers, what the impact for each school in the county would be in each of the 3 years of the phasing in of the new formula.</p> <p>Hope there is some detailed work during the budget round to make sure there are no great shocks.</p>	<p>There is a need to understand the range of the swing between the current and future allocation and the impact of the damping mechanism over the three years rather than the effect on each individual school. It is the range of the impact which is important.</p> <p>You have to start by asking the question is where we are now fair and the overall view is that it is not at present. The whole issue of equity is important and this needs to be seen over a period of time rather than looking at swings. It is essential to ensure that every component is fairly allocated for the reason its there. The Finance team has shown that to deliver the new formula is going to cost an additional £140k overall. Therefore, this is not a cost saving exercise. If, during the year it becomes clear that there are issues</p>

	<p>these can be reviewed during the year. As the formula has component parts it will be easier to review those component parts. By phasing the introduction, there should be no great shocks which is important.</p>
<p>Has a comparison been done school by school, and the answer is no. Officers believe that the new formula will be fairer. Why cannot this be transparent to the committee.</p>	<p>Decisions need to be taken on points of principle rather than looking at individual schools. This is a set of principles which are set out transparently and look to be fair. There is also the expectation of an annual review of the formula to consider its impact.</p>
<p>It has been identified that this is going to cost more but we know the pressures on the budgets. If there is no additional funding and you have to work within the current funding envelope for the schools delegated budget what is plan B.</p>	<p>The Council is currently in the middle of the budget setting process and waiting for Welsh Government's decision on the revenue budget. This is a relatively small increase and will be added to the list of pressures for the Council to consider.</p> <p>This is included in the budget proposals and is based on the current schools estate. There should be sufficient funding in the round especially in year one to fund this as the increase in year one is £24k.</p>
<p>The system for providing IT to schools is changing and they will decide what they want, either the package from Ceredigion or look at an external provider. There is no reference to this in the formula.</p>	<p>All schools looking at their current IT provision and making decision as to which provider they will use. The particular example can be discussed outside the meeting. This is happening on a cluster basis.</p>
<p>How is the ALN supplement going to be organised. The ALN top up will be worth 50% of a pupil if they are in an unit, but not all children stay in the unit. If the family move from a school with an unit to one without an unit, do pupils take that sum with them or is the sum still retained in their previous unit.</p>	<p>The change for half a pupil is for mainstream schools with specialist centres as the pupils in specialist centres do not count towards the school's pupil numbers for their mainstream funding. What is being proposed is for reintegrating of those pupils from the specialist centre to the mainstream school they should have an element of allocation to average out the time spent between the specialist centre and mainstream school. If a pupil moves to a school without a specialist centre that pupil will get a full allocation as a pupil in that mainstream school. This element is</p>

	<p>to make sure that mainstream schools with specialist centres have sufficient funding to reintegrate pupils from the specialist centres in to the mainstream school. The schools with specialist centres currently do not have any allocation for pupils in the specialist centres.</p> <p>The unit provision is a specialist provision. Should parents decide to move a child from a school with an unit to a school without an unit there would need to be a discussion between the ALN team and the family as an unit will have specialist teachers and support and the decision to move away from an unit should be undertaken in partnership with the Council. The ALN Strategy is seeking to increase access to a greater number of units across the county than was the case previously..</p>
<p>It may be the case that the family moves house and the local school does not have a specialist unit.</p>	<p>The ALN strategy is that wherever a child moves to there will be the provision of an unit in that catchment and a transport policy to support that.</p>

- **Comments:**

- In the area because of new builds it is difficult to predict whether there will be any changes to pupil numbers resulting from those new properties. The volatility of school numbers is difficult for schools as reductions in numbers could be for a short period only.
- The aim of the new formula is to make it transparent where we are spending money in the future. The formula tries to clarify where money is being spent. It is positive that 84% of the formula funding is being driven by pupil numbers. The formula delivers a sum of money to schools and it is for the Head and Governing Body to determine how it is spend. There will also be a need to review the formula on a constant basis.
- Difficult to comment without seeing the outcome but there was good consideration of all the points raised.
- This needs to tested for a year and then reviewed. The Committee needs to look at it again in end of next year.
- Concern about bringing this in over a 3 year period and factoring this in to budget preparation. This does look more positive and that the Council is listening.
- Will this proposal be explained to the rest of Members.
- Officers have looked further afield in preparing this revised formula. It will be difficult to review this until 12 months after its implemented.

- Phasing is a benefit as it means less movement in the budget and will cause less disruption over three years.
- The main aims of the change are set out in paragraph 2.3. This document does meet the aspirations set out in the document but needs to be trialled.
- Can recommend to Cabinet that this is a solid proposal to move forward with.
- Would like to have seen the impact on individual schools before it went to Cabinet and would recommend that indicative figures based on this year's pupils be published within a month of the Cabinet decision.
- That when the review is undertaken that the scrutiny committee has sight of the outcomes of that review.

Outcomes:

Scrutiny made the following observations:

- The Committee was satisfied:
 - that the proposed amendments to the funding formula met the aspirations set out in paragraph 2.3 of the report.
 - that the phasing of the implementation of the revised formula is beneficial as it will mean less movement in school budgets and therefore less disruption to schools as well as the opportunity to review progress on an annual basis.
 - that the proposed amendments provided a robust proposal based on which the Council could move forwards.
 - that the Service has undertaken a wide ranging review of models of school funding before determining the preferred model to be proposed for Powys.
 - That the increased cost, particularly in the first year could be contained within the overall delegated budget.
- The Committee commented that it would have been useful to have seen the indicative impact on individual schools to be able to judge the overall impact of the proposal.
- The Committee suggested that indicative figures for individual schools should be published within a month of the Cabinet decision.
- The Committee asked that when the review of the new formula is undertaken a year after it has been implemented, that the Scrutiny Committee have an opportunity to scrutinise the outcome of that review.

Scrutiny's Recommendation's to Cabinet:

- 1 that indicative figures for individual schools should be published within a month of the Cabinet decision**
- 2 that when the review of the new formula is undertaken a year after it has been implemented, that the Scrutiny Committee have an opportunity to scrutinise the outcome of that review**

County Councillor P Roberts (Chairman)