

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

Date 15th 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.

-

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 4th 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.....

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

Relevant Policy (ies):	Scheme for Financing of Schools		
Within Policy:	Y	Within Budget:	

Relevant Local Member(s):	
----------------------------------	--

Person(s) To Implement Decision:	Cabinet
Date By When Decision To Be Implemented:	Within budget timeframes for FY1920 implementation

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

Contact Officer:	Richard Waggett
Tel:	01597 826387
Email:	Richard.waggett@powys.gov.uk

\$y5blewn.docx

Background Papers used to prepare Report: all reports to the Formula Review Group

CABINET REPORT TEMPLATE VERSION 6