

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET
7th February 2017

REPORT AUTHORS: County Councillor Arwel Jones
Portfolio Holder for Education
County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Outcome of consultation on proposed revisions to the
Authority's Fair Funding Formula for Schools and
Scheme for Financing Schools

REPORT FOR: Decision

Summary

Under the School Funding (Wales) Regulations 2010 the Authority has a duty to allocate funding to schools in the form of budget shares, using a locally determined funding formula, and to review these arrangements on a regular basis. Under the Regulations the local authority must also have a Scheme for Financing Schools in place which defines the financial relationship between the authority and its schools.

A review of the Authority's Fair Funding Formula for Schools and Scheme for Financing Schools was undertaken during September/October 2016. Schools Forum representatives from all sectors were involved in formulating the proposals. The proposed changes were supported by Schools Forum and approved by the Portfolio Holders for Education and Finance for consultation with schools and others. Consultation in respect of the proposed changes was carried out between 7th November and 16th December 2016.

26 responses to the consultation exercise were received, as follows:

18 primary schools/governing bodies
7 secondary schools/governing bodies
1 Diocesan Authority

A summary of responses and comments received is provided in **Appendix A**.

In addition, letters were received from 2 primary school governing bodies and 3 secondary school headteachers/governing bodies. The response from Newtown High School was submitted at the request of Finance and Schools Service officers following a meeting with the Headteacher and Business Manager (see **Appendix B**)

A. PROPOSED IMPLEMENTATION DATE 1ST APRIL 2017

a. Lump Sum Allowance (Primary)

- Currently a lump sum for management time of 0.6 fte is provided for schools with between 1 and 100 pupils and 0.65 fte for schools with 101+ pupils. A second lump sum of 0.6 fte for schools with between 1 and 100 pupils and 0.5 fte for schools with 101+ pupils is provided for dual stream schools.
- To simplify the funding formula it is proposed that the two allowances are merged into a single Lump Sum as follows:

No of Pupils	Single Stream	Dual Stream
1-100	0.60 fte	1.20 fte
101+	0.65 fte	1.15 fte

This proposal will not impact on an individual school’s funding allocation

One respondent queried the reference to a lump sum being provided for management time of 0.6 fte. To clarify, the 0.6 fte lump sum provided in the formula for all schools is provided for a combination of management time and small school protection. The level of teaching time considered appropriate for Headteachers is under review and any revised funding will be included in class size protection funding.

b. Admin Allowance (Primary and Special)

Schools currently receive separate lump sum allowances for Clerical and Clerking.

To simplify the funding formula it is proposed that the two allowances are merged into a single Admin Allowance.

This proposal will not impact on an individual school’s funding allocation

c. Welsh-medium Resources (Primary)

Welsh-medium and dual stream schools currently receive an additional £2,500 lump sum plus £30 per Welsh-medium pupil to recognise the costs incurred in purchasing Welsh-medium learning resources and translation costs.

It is proposed that this funding is merged with the Other Educational Costs Allowance for Welsh-medium and dual stream schools.

This proposal will not impact on an individual school’s funding allocation

d. Special Schools Funding

In 2016-17 it was agreed that funding for special schools should be allocated on:

- (1) a fixed level of funding allocated for each pupil; and
- (2) specific pupil-related funding allocated to support the needs of individual pupils (banding)

The new model of funding special schools has shadowed the current funding formula during 2016-17. During the Autumn Term 2015 the three special schools and officers from the Authority undertook an audit exercise involving approximately a 1/3rd of the special school pupil population.

This audit has now been completed and it is proposed that the base funding per pupil and banding weightings are adjusted to reflect the available budget.

This proposal will have some impact on individual school budgets, but the overall impact will be neutral.

e. Teaching Cost Allowance

The required efficiencies from the schools delegated budget from 2014-15 to 2016-17 are currently achieved through an efficiency allowance for each sector based on the total delegated budget.

It was proposed that this allowance is incorporated into the teaching cost allowance together with the impact of an expected further 1% efficiency required from the schools delegated budget due to 2017-18 pay awards.

Primary Schools

The impact of including the projected £2.17 million cumulative annual efficiency in 2017-18 within the teacher:pupil ratio will increase the funded ratio from the current 1:25 to 1:28.1

Secondary Schools

The impact of including the projected £1.93 million cumulative annual efficiency in 2017-18 within the teacher:pupil ratio will increase the funded ratio from the current 1:23 to 1:26.5

This proposal will have some impact on individual school budgets, but the overall impact will be neutral within each sector.

Although concerns were expressed during consultation regarding this proposal it is proposed that no change is made to the proposal as incorporating efficiencies into the Teaching Cost Allowance clearly illustrates the impact of efficiencies on pupil:teacher ratios.

f. Nursery Age Pupil Funding (Primary)

Following the Authority's decision to change the age of admission into primary schools **from** the start of the term in which a child has his/her fourth birthday **to** the start of the school year following his / her fourth birthday, the following proposals are made:

- i. that for the 2017-18 financial year funding in respect of Nursery aged pupils will only be provided for the period 1st April 2017 to 31st August 2017;

- ii. that for the remainder of the 2017-18 financial year and subsequent financial years, primary schools will only receive funding for pupils of Reception to Year 6 age.

This proposal is projected to reduce the funding for primary schools by £2.8 million per year (£1.63 million in 2017-18).

g. Split Site Allowance

The Split Site Allowance is currently the same within each phase and across phase, with a school with 2 sites of less than 20 minutes travel receiving a funding allowance of 0.25 fte of a teacher and a school with 2 sites with greater than 20 minutes travel between them receiving a 0.50 fte uplift.

Primary Schools

It is proposed that a school operating over two or more sites will be funded as a single school in respect of pupil numbers, language uplift, floor area, SEN/ALN, lump sums etc. In addition it is proposed to add the following 3 criteria to a split site school:

- i. That a school operating over two sites should have an uplift of 0.25 fte for the second and every subsequent site.
- ii. That each site should be treated as a separate site in respect to minimum teacher led funding, with a school of 30 pupils or less being funded at a minimum of 1.80 teachers and a school of 31 pupils or more being funded at a minimum of 2.00 teachers. Workload funding would be in addition to these levels.
- iii. That each site be treated as a separate site in respect of consideration for class size protection funding.

Secondary Schools

It is proposed that a school operating over two or more sites will be funded as a single school in respect of pupil numbers, language uplift, floor area, SEN/ALN, lump sums etc. In addition it is proposed to add the following 2 criteria to a split site school:

- i. That a school operating over two sites should have an uplift of 0.25 fte for each year group in KS3 / KS4 (1.25 fte).
- ii. That each site should be treated as a separate site in respect of the uplifts provided through the KS3 and KS4 small schools allowances.

Middle Schools

It is proposed that a school operating over two or more sites will be funded as a single school in respect of pupil numbers, language uplift, floor area, SEN/ALN, lump sums etc. In addition it is proposed to add the following 4 criteria to a split site school:

- i. That a school operating over two sites should have an uplift of 0.25 fte for the second and every subsequent site.
- ii. That each primary site should be treated as a separate site in respect to minimum teacher led funding, with a school of 30 pupils or less being funded at a minimum of 1.80 teachers and a school of 31 pupils or more being funded at a minimum of 2.00 teachers. Workload funding would be in addition to these levels.
- iii. That each secondary site should be treated as a separate site in respect of the uplifts provided through the KS3 and KS4 small schools allowances.

- iv. That each site should be treated as a separate site in respect of consideration for class size protection funding.

During consultation concern was raised regarding the impact this change would have on individual school budgets and it is proposed that the implementation date is deferred to 1st April 2018 or the opening date of any new split site school to enable further work to be undertaken on the proposal.

h. Repairs and Maintenance Funding (Aided and Foundation Schools)

Due to the ownership and capital responsibilities of school buildings under the current formula, Aided and Foundation Schools only receive funding in respect to the tenant responsibilities for repairs and maintenance. This method of funding causes confusion with schools and officers around the split of responsibilities.

It is proposed that funding for Aided and Foundation Schools in respect of Revenue Repairs and Maintenance is allocated on the same basis as for Community and Church Controlled Schools.

The proposal will have some impact on individual schools budgets, but the overall impact will be neutral.

B. PROPOSED IMPLEMENTATION DATE 1ST APRIL 2018

a. Pupil Counting Date (All Schools)

Pupil numbers used for funding are currently based on actual numbers on roll on the January PLASC census date in the January prior to the start of the financial year. Provision is also made under the current arrangements to make budget adjustments and additional financial support to schools which have significant fluctuations in pupil numbers. In Primary Schools this is through the Class Size Protection funding and in Secondary Schools through a pupil number adjustment if pupil numbers in Y7-Y11 increase by more than 4% between January and September.

To allow schools to develop finalised annual budgets 2-3 months earlier than currently and to bring schools into line with the Council's budget setting process, the Review Group considered a proposal that the Pupil Counting Date should move to the Friday in the first week following the October half-term prior to the start of the financial year. Following discussions the Review Group could not reach a consensus regarding which Pupil Counting Date should be proposed and it was agreed that consultation should be undertaken on both the current and proposed options.

A matrix setting out the pros and cons of each option is set out below:

January Counting Date

Pros	Cons
Accounts for any pupil movement between October & January	January may be too late to put together formal action if numbers drop and a deficit position is projected/increased

Linked to PLASC census day	Many schools do not complete the PLASC return until near the deadline of early March. As a result inaccurate pupil number information may be used when draft budgets are prepared
Data is robust and validated by PCC and WG	Delays the production of final budget allocations to February half term

October Counting Date

Pros	Cons
Brings schools into line with the Council's budget setting process	Data not robust (this would be mitigated by schools verifying pupil numbers)
Schools are able to plan earlier for the next and future financial years (pending final WG settlement)	Does not take account of any pupil movement post-October counting date
Enables the Authority to provide schools with an earlier finalised budget figure	
Allows schools to plan earlier on robust funding figures	
Schools will be able to develop more robust business cases in respect of staff reduction requirements	
Would allow the Authority to consider and approve school budget plans within 2 months of the start of the financial year (currently 4 months)	

It is proposed that the Pupil Counting Date should move to the Friday in the first week following the October half-term prior to the start of the financial year and that schools are provided with the opportunity to verify the numbers taken from Teacher Centre and SIMS prior to the formula being run.

b. Welsh KS2 Uplift (Primary)

Welsh-medium and dual stream schools currently receive an additional £56 per Welsh-medium key stage 2 pupil to provide increased support to introduce English as a language to Welsh-medium pupils as they commence key stage 2.

Following a discussion with the Review Group no change to this funding is proposed at this time, but a further review will be undertaken during 2017-18 which will include an analysis of how this funding is used within schools.

c. LMS (SEN) Allowance and Formula element of the ALN Funding (Primary and Secondary)

The current LMS (SEN) Allowance in both the primary and secondary sectors is allocated on the basis of 50% pupil numbers and 50% FSM numbers (averaged over

3 years). The current formula element of the ALN funding is based on 6 indicators in the primary sector and 4 indicators in the secondary sector.

It is proposed that the LMS (SEN) Allowance and formula element of the ALN funding should be merged and allocated on the following basis:

- 25% pupil numbers (statutory age range)
- 45% free school meals (statutory age range) (averaged over 3 years)
- 30% based on national test results (weighted 1.5 reading and 1.0 numeracy) (averaged over 3 years). This element would be based on the number of pupils with a standardised score of <85 plus those pupils who were disapplied from the tests. For pupils in Welsh schools or streams the standardised score from the Welsh reading test will be used, with the standardised score from the English reading test being used for all other pupils.

It is also proposed that the whole revised formula allowance forms part of the delegated schools budget.

Top up Funding

Schools can currently apply for 1:1 top up funding to support children with significant SEN/ALN needs, these applications are considered by the ALN Resources Panel.

If the proposals to change the formulas are approved, work would be undertaken during the 2017-18 financial year to reassess the level of 1:1 funding required by individual schools to account for the changes of funding delivered through the formula led elements of the allowances.

A number of concerns were raised during consultation and it is proposed that no change is made to the current funding methodology for 2017-18 and that further work is undertaken by the Formula Review Working Group during the Summer Term 2017 following receipt of information regarding how ALN is funded in other Authorities. Any revised proposals to include the impact on individual schools.

C. REVISIONS TO THE POWYS SCHEME FOR FINANCING SCHOOLS WEF 1ST APRIL 2017

It was proposed that revisions are made to the following sections of the Scheme for Financing Schools (**see Appendix C for details**):

Sections that are being amended and summary of change

- 2.2 Submission of budget plans – requirement for a budget recovery plan to be submitted earlier when a deficit is projected, 4 terms prior to the beginning of the financial year in which they are projecting to go into deficit.
- 2.4 Virement – a change to the wording requiring that when a virement is actioned that will take a schools budget into a cumulative deficit position in the current or subsequent financial years, the school should immediately inform the schools finance manager.

- 2.7 Schools running businesses – includes more detailed guidance around what schools should include in the business plan that they are required to submit when they intend to run a business.
- 5.1 Income from lettings – wording amended for secondary schools now using the council’s financial system.
- 8.1 Provision of services from centrally retained budgets – amended to prohibit in year changes, to charges to schools from other council services and the requirement for consultation with schools and schools forum if increases to charges are above inflation.

D. FURTHER CHANGES TO THE SCHEME FOR FINANCING SCHOOLS

Further consideration has been given to Sections 4.3 Controls and recovery of surplus balances and 4.9 Licensed Deficits of the Scheme for Financing Schools and the following revisions are proposed (revisions shown in Green):

a. 4.3 Controls and recovery of surplus balances

To mirror the process found in Annex Biii the wording to be amended as below:

If the actual cumulative outturn surplus is:

- (a) greater than that approved by Cabinet at the start of financial year or following a subsequent report; and*
- (b) more than £50,000 (primary schools) or more than £100,000 (secondary and special schools)*

clawback will be applied if the outturn surplus is more than (i) £5,000 or (ii) 1½% of the budget share, whichever is the greater, above the approved surplus at budget setting stage, subject to a maximum of £20,000 (primary schools) and £40,000 (secondary and special schools).

b. Section 4.9 Licensed Deficits

The removal of the following paragraph concerning collective school balances:

Up to a maximum of 40% of the collective school balances may be used to back the arrangements for licensed deficits. Schools holding balances in their own bank accounts may be invited to participate.

and the addition of the following paragraph under Section 4.1:

To ensure the overall financial robustness of schools reserves the surplus balances should exceed the deficit balances. Each school will be required to meet the conditions detailed in Sections 4.2 to 4.9 on an individual basis, with the Authority monitoring the overall planned balances for each of the 3-4 years in the planning cycle.

Schools Forum

The Schools Forum considered the outcome of the consultation exercise at its meeting on 10th January 2017 and made the following recommendations:

(1) That the following proposals be approved:

Implementation Date 1st April 2017 (A)

- a. Lump Sum Allowance (Primary)
- b. Admin Allowance (Primary and Special)
- c. Welsh-medium Resources (Primary)
- e. Teaching Cost Allowance
- f. Nursery Age Pupil Funding (Primary)
- h. Repairs and Maintenance Funding (Aided and Foundation Schools)

Implementation Date 1st April 2018 (B)

- b. Welsh KS2 Uplift (Primary)

- (2) That the proposal regarding Special Schools Funding (A.d.) is approved in principle but that officers review costings when the outcome of the audit is known, with the option of either deferring implementation or introducing transitional arrangements if necessary.
- (3) That for the proposal regarding the Split Site Allowance (A.g.) the implementation date should be deferred to 1st April 2018 or the opening date of any new split site school, to enable further work to be undertaken on the proposal.
- (4) That for the proposal regarding the Pupil Counting Date (B.a.) The Pupil Counting Date for (All Schools) move from the January PLASC date to the October half-term and that schools are provided with the opportunity to verify the numbers taken from Teacher Centre and SIMS prior to the formula being run.
- (5) That the proposals regarding the LMS (SEN) Allowance and the Formula element of the ALN Funding (Primary and Secondary) (B.c.) be deferred and further work is undertaken by the Formula Review Working Group during the Summer Term 2017 following receipt of information regarding how ALN is funded in other Authorities. Any revised proposals to include the impact on individual schools.
- (6) That the proposed revisions to the Scheme for Financing Schools (C), including the additional changes around Sections 4.3 and 4.9 (D), be approved, for implementation on the 1st April 2017

Proposal

- (a) To receive and note the results of the consultation exercise on proposed changes to the Authority's Fair Funding Formula for Schools and the Scheme for Financing Schools;
- (b) To note the recommendations of the Powys Schools Forum;
- (c) To approve the proposed changes to the Authority's Fair Funding Formula for Schools, as amended by this report in paragraphs A a-h and B a – c.

- (d) To approve the proposed changes to the Authority's Scheme for Financing Schools as amended by this report in paragraphs C and D and in detail in Appendix C.

One Powys Plan

Whilst the recommendations do not relate to a specific improvement objective within the One Powys Plan there is a strong resonance with both the Learning and Community and Council themes. The development and implementation of a sustainable funding and provision methodology is essential to the Corporate Health of the Authority's schools.

Options Considered/Available

As part of the work undertaken by the Formula Review Group consideration was given to maintaining the status quo together with a number of options for each area where proposals have been made.

Officers have examined systems in place and the proposed revisions to the Scheme for Financing Schools will provide clarity in respect to the responsibilities of schools and the Authority.

Preferred Choice and Reasons

The preferred choice is to approve the proposed revisions to the Fair Funding Formula, as detailed in this report, as it is felt that these are the most appropriate methodologies to ensure simplicity of funding and that funds are distributed to schools on a fair and equitable basis and to approve the proposed revisions to the Scheme for Financing Schools, as detailed in **Appendix C** and amended in this report, as this will strengthen and reinforce roles, responsibilities and procedures and improve the financial management of schools.

Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies etc.

The Fair Funding Formula proposals will support the development of a sustainable model for funding schools.

Children and Young People's Impact Statement - Safeguarding and Wellbeing

Not applicable to this report.

Local Member(s)

All schools are affected by the proposed revisions therefore all Local Members have an interest.

Other Front Line Services

There are implications for pre-school providers.

Support Services (Legal, Finance, HR, ICT, BSU)

BSU/ICT/Property – No impact/implications

The Professional Lead Legal – has noted that the recommendations proposed in this report have gone through the consultation process and will be supported by the Legal services where and when required.

Schools Finance Manager – Finance is fully supportive of the changes proposed, and will continue to support schools to manage the changes arising from the proposed revisions, in order that schools comply with the Scheme for Financing Schools.

HR - The Schools HR Team will continue to work with Headteachers, Governors, Trades Unions and Staff to provide advice so that any changes affecting staff that need to be made can be implemented in line with the relevant Powys County Council and School policies.

Local Service Board/Partnerships/Stakeholders etc.

Not applicable to this report

Communications

Communications Comment: No proactive communication action required

Statutory Officers

The Solicitor to the Council (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report

The Strategic Director Resources (S151 Officer) notes the comments made by finance. Given the proposed additions to funding over the lifetime of the MTFs it is appropriate that consideration is given to a wide scale and fundamental review of the funding formula. This would ensure additional funding supports improved standards.

Members’ Interests

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.

Recommendation:	Reason for Recommendation:
<p>(a) To receive and note the results of the consultation exercise on proposed changes to the Authority's Fair Funding Formula for Schools and Scheme for Financing Schools</p> <p>(b) To note the recommendations of the Powys Schools Forum;</p> <p>(c) To approve the proposed changes to the Authority's Fair Funding Formula for Schools, as amended by this report in paragraphs A a-h and B a – c.</p> <p>(e) To approve the proposed changes to the Authority's Scheme for Financing Schools as amended by this report in paragraphs C and D and in detail in Appendix C.</p>	<p>To meet the requirements of the School Funding (Wales) Regulations 2010 and to meet the Authority's aim of developing a sustainable model for funding schools whilst ensuring that funds are distributed to schools on a fair and equitable basis and that the funding formula is supported by procedures to strengthen and reinforce roles, responsibilities and procedures and improve the financial management of schools</p>

Relevant Policy (ies):	PCC Fair Funding Formula Powys Scheme for Financing Schools		
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	All
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Person(s) To Implement Decision:	Corporate Finance Schools Team and Schools Service
Date By When Decision To Be Implemented:	1 st April 2017 / 1 st April 2018 / 1 st September 2018

Contact Officer Name:	Tel:	Fax:	Email:
Marie James	01597 826494	01597 826475	marie.james@powys.gov.uk

Background Papers used to prepare Report:

Sections 45-53 of the School Standards and Framework Act 1998
The School Funding (Wales) Regulations 2010
Current Fair Funding Formula
Current Scheme for Financing Schools

Consultation on proposed changes to the Authority's Fair Funding Formula

Analysis of responses together with comments received

A. PROPOSED IMPLEMENTATION DATE 1ST APRIL 2017

a. Lump Sum Allowance (Primary)

21 responses **19 support**
2 do not support

Comments

Support

- If this proposal does not impact on our school's funding allocation however the Governing Body would still like to see transparency of all funds in and out of the budget
- As long as there is definitely NO impact on our funding allocation
- Aggregation of funding elements makes sense from a central administration position
- We feel that additional management time should be allocated to larger schools e.g. 200+

Do not support

- The calculation does not reflect the needs of schools. Smaller schools are at an advantage and larger schools at a disadvantage. We propose to look at an alternative method with an element awarded to all schools and a supplement depending on pupil numbers and number of staff
- The information contained in this statement is inaccurate and therefore cannot be supported. Schools between 1-100 pupils do NOT currently have 0.6 management time in budgets and nor will they in the future. It is extremely concerning that a consultation document is not factually accurate and that it could be described as misleading stakeholders. Due to this error, I am unable to support a number of the following (proposals) as the validity of the information presented is under question.

b. Admin Allowance (Primary and Special)

22 responses **18 support**
4 do not support

Comments

Support

- If this proposal does not impact on our school's funding allocation however the Governing Body would still like to see transparency of all funds in and out of the budget
- As long as there is definitely NO impact on our funding allocation

Do not support

- Would prefer clerking to be separate so transparency on each position in the school is kept
- We feel that clerical and clerking should remain separate. We also feel that larger schools should have additional clerical time
- Do not support. Clerking the GB and administration of the school are different heads of expenditure and should be separately considered and identified in the budget

c. Welsh-medium Resources (Primary)

17 responses

13 support

4 do not support

Comments

Support

- If this proposal does not impact on our school's funding allocation however the Governing Body would still like to see transparency of all funds in and out of the budget

Do not support

- Aggregation of funding elements does not assist school budget setting where individual cost should be set against individual funding stream
- Feel strongly that Welsh-medium resources should remain separate for transparency. It is essential that we can identify this in the budget
- We need to be able to offer the Welsh language resources required. These are often difficult to source and more expensive. We feel all the various elements should remain separate to allow for notification of what is being cut should this be reduced in future

d. Special Schools Funding

13 responses

12 support

1 does not support

Comments

General

- Insufficient information to comment as audit not yet complete

Support

- If this is agreed then would suggest a copy of the banding used for the specific pupil related funding is made public

e. Teaching Cost Allowance

26 responses

7 support

19 do not support

Comments

Support

- We welcome that the required efficiencies are expressed as an increased funded pupil/teacher ratio. For too long, this figure has been hidden. However, we do believe that the impact on class sizes and curriculum offer in secondary (schools) should be explicit. It also illustrates that the current funding is insufficient to fund the current structure

Do not support

- Efficiencies are a euphemism for budget cuts. It is not explained how the budget cut of £4.1m will be realised in light of the statement that the overall impact in each sector will be neutral. Our school expects a reduction in funding of 12% based on an average teaching cost of £48k and 130 pupils. The capacity of the school is based on 22 pupils per class. Our Admission Number is therefore 22 but funding will be for 1:28.1. There is already a projected deficit school budget and this will only add to this instead of providing a solution.
- Concerns regarding the impact of yet larger classes. Our school is currently struggling to support large classes of 35 made up of 3 year groups. The school could not sustain further cuts to teaching support. We would like to see the impact of this on our individual school before supporting this.
- Concerns about increasing the ratio to 1:28.1. Many schools that have been built over the last 30 years have classrooms designed to house 24 or 25 pupils. Already there are too many pupils in many of these spaces (e.g. classes of 33 or 34 pupils in a classroom not big enough) and this will impact further.
- Bigger class sizes will result in a drop in standards. Always difficult to manage small schools.
- Efficiency saving requirements should be clear, not hidden.
- This would further impact on class sizes and teacher numbers – the school cannot increase class sizes any further – it will impact on workload, safety, standards and wellbeing
- This is a cut in funding – staffing is the school's biggest cost. Schools are already struggling to balance budgets and with increasing staffing costs not met by funding the situation will mean more schools in deficit. Class sizes are already large and an increase in class size has the potential to impact on standards.
- This is a cut and we cannot support cuts in pupil/teacher ratios.
- The increase in the funded ratio is a very real concern – what class sizes could this change potentially bring about – 1:35, 1:40, or worse again? We will have no choice but to take in well above the number of pupils that we should admit so that we can meet the cost of this change. What is the effect going to be on standards of learning and behaviour? What about the impact on teacher wellbeing? There will be one! Efficiencies should also officially remain on any school's budget sheet as 'efficiencies'.
- The governors are concerned at the move to a higher pupil:teacher ratio.
- It will be even more difficult to provide a good education with the pupil:teacher ratio increase.
- Oppose. If this is understood correctly, the 'efficiencies' (commonly understood to be budget cuts) would no longer be shown as a separate item in school

budgets but be hidden in a revision of teacher / pupil ratio. The effect of this device would be to make it difficult for parents to understand the amount by which the school budget is being cut each year.

PCC needs to be open with the public about the cuts which it is imposing on school budgets and this proposal gives the unfortunate impression that PCC is seeking to hide the facts from parents.

If this proposal succeeds I shall be demanding that my school's budget continues to show the present item for efficiencies so that parents can identify the reason for declining provision for pupils.

- The physical classroom space available, calculated in square metres, has set the available number of pupils per classroom. This calculation was completed by the Authority using the ratio of 1.86m² per pupil. Currently four of our class bases have a pupil places capacity below the current 1:25 ratio. Eight of our class bases have a pupil places capacity below the proposed 1:28 ratio. Currently with ten classes, three of our classrooms are over capacity by between 108% and 123%. Other classes are at capacity of 96%, 96%, 86%, 100%, 96%, 83% and (Nursery) 68% rising to 120% over the year. The 1:28 proposal will result in only having funding for eight classes meaning all classes will be filled at 100% to 132%. It is of great concern that funding for 1:28 will result in classes being filled well beyond the maximum of 105% at the start of the year in September 2017 when the change in admission age also comes into effect. Concerns for pupil safety when being placed in overcrowded conditions could leave the Authority in a vulnerable situation in the event of a pupil injury.

To internally fund additional class teachers, this will result in the removal of all LSAs in KS2 and the staffing for recommended intervention programmes being cut or drastically reduced.

Although the proposed change to the LMS (SEN) Allowance may increase due to the high SEN and high numbers of low achievement in national tests, it is not clear how much, if any, increase would be achieved by the change.

f. Nursery Age Pupil Funding (Primary)

19 responses

8 support

11 do not support

Comments

General

This has already been through consultation and agreed by Cabinet.

Support

- Although I am in support of this proposal it is unclear how much will need to be spent to provide the 3+ pre-school provision in each setting.

Do not support

- No doubt the expected standards of pupils in 3 year old settings will be kept the same but these children will not receive the same education due to reduced setting hours. The LA and Wales' expectations of pupil standards must therefore change. So, the LA will have saved money but compromised on standards.

- The cut has had a huge negative impact on our overall budget leading to a large deficit. We have grave concerns regarding standards of pupils on entry to Reception not having the full time teacher input from Nursery age, this is particularly so for children going through the medium of Welsh whose first language at home is English. This may result in parents not opting for Welsh-medium education in a dual stream school if their child has not had the opportunity to attend a Welsh-medium Nursery setting. Thus a drop in the uptake of Welsh!
- Schools have already had to submit recovery plans based on this so it is disappointing that a 'consultation' is being held on something that has already in effect been implemented.
- We object to the non-funding of this age group until April. We will be supporting 40-50 pupils for two terms without funding – unsustainable.
- The decision taken by the authority to make this 'saving' (cut) is flawed and only moves the costs of caring for these children from schools to pre-school. The cost of this change to our budget has been huge and unnecessary! We should have been allowed to keep the children but have them in LSA led classes rather than teacher led.
- The current capacity available for nursery pupils is 25. However, once this is converted into a pre-school provision and under the CSSIW regulations, the number of pupils cannot exceed at any one time. The proposal will have a negative impact on the WG priority 'reducing the poverty gap'. The school (including the new 4+ pre-school) will not be able to facilitate top up (paying for additional hours) access resulting in up to 25% less time in Foundation Phase for pupils over a four year period.
- Although the proposal is logical, PCC brought in this change at very short notice and should be providing some form of transitional allowance to help schools adjust, for example a further term's funding for Nursery numbers at July 2017.

g. Split Site Allowances

16 responses

**11 support
5 do not support**

Comments

Support

- There needs to be a recognition of the additional costs of operating over two sites

Do not support

- We do not support the split site allowance because of part ii (Secondary/Middle) only. This appears to contradict the purpose of the formula funding the two sites as a single school in respect of pupil numbers, language uplift, floor area, SEN/ALN, lump sums, etc. There is also an uplift of 0.25 teachers per year group so it is hard to understand why there needs to be a small school uplift also. Again, it appears to contradict and must to some extent negate the efficiencies expected from a split site arrangement.
- The proposal does not state the current model plus effects. To how many

schools does this apply? It seems extraordinary to provide these budgets while proposing to raise the ratio of teacher to pupil to 1:28 for schools that do not operate from two sites. If the council would like schools to confederate to keep small schools / sites open, then that should be part of the consultation. If a single site school has a teacher:pupil ratio of 1:28.1 for primary then this should be the case for all primary schools. This should be applied fairly and equally across schools.

- Cannot see the benefits/disadvantages without seeing this being modelled for schools. What is the basis of the 0.25 fte uplift? Why is there no allowance for leadership?

h. Repairs and Maintenance Funding (Aided and Foundation Schools)

18 responses

11 Support

7 Do not support

Comments

Support

- Fully support this proposal, as the current arrangements are confusing

Do not support

- Unless the overall annual expenditure for repairs and maintenance is increased this change will reduce the quantum of the fund available to community and church controlled schools

B. PROPOSED IMPLEMENTATION DATE 1ST APRIL 2018

a. Pupil Counting Date (All Schools)

25 responses

9 Support the January Counting Date

16 Support the October Counting Date

Comments

Support for January Counting Date

- It is difficult to understand why the LA could not provide indicative budgets based on number of pupils in October and then make final adjustments after the January PLASC.
- The school does not support the approach to bring the schools in line with the Council. The school is of the opinion that the Council should be brought in line with the schools. This means for schools the budget year is the same as the school year – 1 September to 31 August. Pupil numbers according to PLASC already give a delay in funding. An October count is even more delay. As the LA allows pupil movement between schools there is, historically, always a movement of pupils in the latter half of the Autumn Term. The October counting

date would always miss this. The funding should not be based on pupil numbers but on number of classes.

- Because we are a successful school with increasing numbers we feel we would be penalised by an October counting date. Additional children without funding. What do 'significant fluctuations' actually mean?
- Over the past few years the counting date has already been moved from April to January. A further movement to October would cause confusion and uncertainty. At the moment the correlation between PLASC and the counting date works for schools and allows a shared workload for when pupil data is required. Changing the date will create a far greater workload on already pressured administration staff.
- The governors are aware that pupil numbers fluctuate throughout the Autumn Term and are more stable in the Spring Term. They prefer that funding is based on robust PLASC data.
- The school admits an additional number of pupils throughout the year and currently are increasing the pupils on roll by 4.5% between October and January this academic year. This is a potential loss in the region of £35,640 from the school budget under the current funding formula.

Support for October Counting Date

- We would support an October counting date as it would enable schools and PCC to prepare budgets earlier. However, there needs to be an adjustment for an increase in primary numbers, not just in secondary.
- Support if this would allow schools to plan their budgets more effectively for the future and allow more time for financial decision making.
- Admission numbers are a huge variable within the budget. If the counting date being in October genuinely leads to much earlier notice of budget to schools, I can support. Does the budget also hinge on information from WG that may delay the process?
- Whilst we have supported October date, it is with reservations about the robustness of the data. What checks would take place to ensure their accuracy? Would the LA know its funding allocation by October prior to the new financial year? Will there be an adjustment following PLASC in the January?
- This should help financial planning.
- We believe that October date is best. However, more needs to be actioned re supporting schools with fluctuating numbers. This issue is a concern for a few schools but needs addressing. What are the processes for amending such fluctuations? These processes are **very** unclear. Schools need to know exactly which date they are being funded against and what would happen if their numbers vary significantly i.e. differences between October figures and PLASC.
- We need to understand how the data not being robust will be mitigated by schools verifying pupil numbers. How will this work? Will this mean that if pupil numbers increase after the October date then schools will be allocated more money? It states that this does not take account of any pupil movement post-October counting date – this needs to be reviewed as it can cause major problems especially when pupil movement is significant.
- We want as firm as possible a draft budget in time for the November (finance) surgery as a basis for early planning (or early telling PCC we can't successfully set a budget).

b. Welsh KS2 Uplift (Primary)

15 responses

10 Support
5 Do not support

Comments

General

If more analysis of how this money is spent is required then this would increase Headteachers' workload further. We are already being scrutinised for everything. If we are having to be transparent with our spending then this practice should also be reflected by the LA.

Support

- We didn't agree with this cut in the first place and it greatly affected our funding.

Do not support

- English-medium schools should also receive additional funding to meet the rigorous demands and expectations of the Welsh 2nd language scheme of work.
- We very much need this uplift to maintain the complications that dual stream status brings about. Additional LSA language support for those learning through a different medium is key to pupil standards in Welsh; this is different to ALN provision.

c. LMS (SEN) Allowance and Formula element of the ALN Funding (Primary and Secondary)

25 responses

5 Support
20 Do not support

Comments

Support

- While we support this change in general, any funding for SEN should be shown separately to the delegated budget and not merged. Regarding top up funding, we are sceptical of the availability of resource for top up funding from the ALN Resources Panel, and would like to state that reduction in funding for the most vulnerable learners in schools will lead to a fall in standards.

Do not support

- We do not agree with a 45% weighting on FSM. This is too high. Schools with low FSM still have ALN pupils and they are also entitled to and need support. We completely disagree with the Welsh national test data being used for funding purposes. This data is unreliable and Welsh Government says it should only be used to support individual pupils, not for comparative purposes.
- This benefits schools with more pupils that need support, but will affect schools that have less pupils that need support.
The school would support a proposal to provide additional support. As a school

with relative few FSM pupils and using PDG and EIG effectively most pupils score above 85. Where the school in the past had pupils that needed 1:1, the Council decided not to fund this. If the allocated budgets will even be less, the school will not be able to support pupils that need a high degree of support. The LA needs to provide example figures to schools to show how this would impact on budgets. Will this new formula result in reduced funding or increased funding for individual schools? This proposal should be supported with financial figures for each school to show the impact in order for a school to make an informed decision.

- This could have a detrimental effect on pupils directly as schools may not have the funding to provide effective support. This is effectively penalising schools that manage to raise pupils' scores in the National tests by removing funding if the pupils do well. Many pupils have behavioural needs and require support in other ways not just for learning. ALN encompasses a myriad of differences and this should not rely on Standardised scores as such a crude measure.
- The process for applying for top up funding is very difficult and anecdotal discussions with other heads demonstrates that all of those I spoke with do not think it is worth the hassle as requests are inevitably denied.
- This penalises schools that have standardised scores >85 for the majority of pupils even though standards continually need to be raised.
- Without modelling of the impact on schools we cannot support this. Why use FSM figures? What about schools that are low FSM / high SEN? What difference is there if different percentages are used for each element? What other quantifiable data could be used: KS2 data, school SEN data Y7-10?
- It is difficult to indicate support or otherwise without knowing what the impact will be on school budgets. The SEN / ALN funding needs to be shown as a separate allocation even if it is within the delegated budget. My concern is that any change may lead to a reduction in funding.
- This disproportionately affects schools with high SEN but low FSM. We also feel that FSM pupils are being 'double funded' as they also receive the pupil deprivation grant.
- I agree with using a range of elements for the allocation of the LMS (SEN) allowance, however, to continue using FSM percentages does not reflect the true nature of SEN numbers in all Powys Primary Schools. Although there may be a clear correlation in most schools between SEN percentages and FSM percentages this is not the case for all. How will the authority ensure that this is a fair funding formula, is distributed for SEN pupils for schools with high SEN and low FSM percentages?
- LMS (SEN) Allowance should not be based on doing poorly in national tests. This rewards failure and failing schools that do not achieve good results. Schools would be incentivised financially for not achieving and this is morally incorrect and indefensible. Those that overachieve would be punished for overachieving and this would indirectly encourage a policy of lowering aspirations and target setting. This also shows no influence for More Able and Talented (MAT) pupils. A target should be applied to this. Top-up funding NEEDS an urgent review – who can apply? How? Schools cannot coherently apply for it to support children with significant needs – please come along and meet one such pupil who failed to be awarded top up funding.
- Although the proposed change may increase due to the high SEN and the high amount of low achievement in national tests, it is not clear how much, if any,

increase would be achieved by the change. Due to proposed changes in staff ratios, funding to support SEN may, in real terms, drop and valuable support and intervention programme have to be stopped.

- Do not support although accept current basis is unsatisfactory. The allowances factors need to recognise more clearly the major problem of class disruption/ H&S issues caused by ALN pupils with behavioural difficulties. Presence of such pupils in mainstream schools seems likely to increase while TA support continually being cut. PCC should minimise FSM as a factor (to an extent this element is already covered by PDG) and retain / increase SA+ numbers as a factor e.g.
 - 20% pupil numbers
 - 20% FSM numbers
 - 30% test results <85
 - 30% SA+

Would support allowances forming part of delegated budget.

C. REVISIONS TO THE POWYS SCHEME FOR FINANCING SCHOOLS WEF 1ST APRIL 2017

18 responses

**15 Support
3 Do not support**

Comments

- Section 2.2
- We welcome that for a school in deficit there is a possibility for the recovery plan to be extended to 5 years. However, we would like to state that with the current funding and the current structure of provision, even 5 years will not be enough time.
 - Extending the period over which a school has to have a budget plan, when the finance is based on such a changeable variable as unknown future numbers (in the case of infant/primary schools), is a concern.
 - Will the LA expect consistent plans across all schools? If so, when will the format be agreed as schools may need to revise the planning format currently used – we assume this will be the format already in use this financial year. Budget plans by 31st March will require prompt budget information from the LA.
 - A budget plan + 3 years for secondary – the accuracy of planning will be limited as so many things change over time. This will need to be recognised. In addition, WG grants are often not known very far in advance.
 - Schools will find it increasingly difficult to balance budgets with ongoing ‘efficiencies’. The LA needs a robust plan to support schools in this position in addition to external experts bought in to find potential solutions.
 - Agreed assuming draft budget is available in the timescale given.

- Needs agreement of the school. What if there is a difference between the school and LA final figures – is it possible? Which specific line would be amended?
- Use of three or four year plans are very optimistic and worthless when applied that far in advance. The LA make so many changes that in turn make it extremely difficult to predict that far in advance.
- If a provisional budget plan, including the updated estimated outturn position for the current year, **must** be submitted to the Authority by the 31st March, when **must** the Authority supply a provisional delegated budget to the school including all grants (e.g. EIG and PDG)?
If the Authority provides detailed guidance to schools by mid-January on the format in which budget plans should be presented, this may cause difficulties if the format is significantly different from the current format.

Section 2.4

- Could there be clarity on what would be an acceptable virement and what would not – is the principle to avoid virements being used only where it will be putting the school in a deficit situation – even if it was for 1 year? Is this for grant or revenue budgets (or both)?
- It is important that mid-year instructions/advice from the LA to use funding to access specific activities does not cause overspend out of the school's pre-planned budget headings.

Section 2.7

- No comments

Section 5.1

- Already do and should be in place.
- We already do the changes suggested.

Section 8.1

- What rate of inflation will be used? How long before the charge is applied? How soon would schools be made aware of proposed changes?
- Pleased to see that charges will not be increased in-year and that consultation will take place
- Where an increase is proposed (change in agreement), the school should be able to withdraw from the agreement and use an alternative supplier without penalty

Other

- The school proposes to introduce service standards. The school feels that on several occasions it did not receive the expected service. Service Standards should increase standards and where standards are not met measures can be introduced. The SLA seems to include many obligations for the school – and sanctions – but what sanctions are there if the Council does not fulfil their obligations? There is no satisfactory procedure for independent dispute resolution. In theory schools could hire a solicitor if they are

of the opinion the Council does not comply with the signed agreement and go to court. In practice schools do not have the money to fund this, and schools want to work with the Council, not against it, to resolve issues.

Communication around resolving urgent maintenance issues is crucial. On several occasions the school was left without sufficient heating or adequate toilet facilities, without clarity about when the issue was expected to be resolved.

This makes it very difficult for the school to plan any mitigating actions taking health and safety into account.

The school has raised maintenance issues over many years, but the Council states now that works costing more than £2,500 will not be carried out, unless there is an imminent health and safety issue. Schools are paying for a service that is in part not provided, despite it being included in the agreement. This should be clarified and the Council should commit to fulfilling their obligations as written in the SLA.

There should be more transparency and clarity about what needs to be covered from the delegated budget and what from central budgets. The school was told by the Council that capital spending was part of Property Plus. Others told the school that the delegated budget covers revenue expenditure only.

The Council should provide an annual detailed oversight of services delivered as part of the SLA to enable schools to assess if they receive value for money.

General comments on the proposed changes

- The word 'fair' should be removed from the title. As the funding is insufficient to support the current structure of education for Powys, however it is apportioned cannot be fair.
- Without providing information as part of the consultation documents about the current funding formula and how the delegated budget for each school is calculated, it is difficult to assess the consequences.

With shrinking budgets it will soon become impossible for the school to even pay for sufficient teachers, let alone all the other support that is required. If that is the case there is something fundamentally wrong with allocating budgets.

The school is already very efficient if looking at spending per pupil compared to other schools in Powys. The school has asked the Council for solutions and is anticipating a response. There seems to be no plan how to resolve this at county level. The school feels budget cuts are simply passed on, without a clear direction how to deliver changing and increasing requirements for less money. The school would rather feel that the Council shows how they highlight real issues at Welsh Government level. If schools can help with this by providing examples, they are likely to support the Council.

The school would like to see proposals to ensure there is sufficient funding

to run all schools. Keeping in mind sufficient adult:pupil ratios, PPA cover, class sizes – relating to Welsh Government recommendations, sufficient support for pupils that need extra support and all other costs that the school has to make to provide a safe and excellent learning environment.

Furthermore and finally, the funding of schools is **unfair**. Our school is once again facing redundancies in teaching and support staff but other schools, who have a cost per pupil significantly higher than ours (which means smaller class sizes), will not have to make such ‘efficiencies’.

- A lack of modelling limits a knowledge of the impact of the changes.
- We feel that these changes, once again, affect larger schools disproportionately and particularly the Welsh-medium.
- The financial expectations put upon schools and GBs is incredible. To manage the finances at this school alone takes up an enormous proportion of our time causing much stress. The workload from ‘finance’ is unsustainable.

Schools are not allowed to run, knowingly, deficit balances yet the LA knowingly allows 3 year old settings to be underfunded and accrue debt with negative balances how?

- Just to repeat that changes in presentation of school budgets should not have the effect of making it more difficult for parents and indeed governors to understand them.

Response from the Chair of Governors of an English-medium Primary School

Thank you for the opportunity to respond to the consultation exercise. The matter was discussed at our recent governors meeting and the headteacher has already provided you with a response from the school agreeing the principles of change but expressing concerns regarding a number of the detailed proposals. On behalf of the board of governors, I wish to support the points that the headteacher has already made.

In particular, in respect of the proposed changes to the teaching cost allowance, this may appear to be a reasonable theoretical response to the financial pressures facing the Authority but the envisaged class sizes will not fit within the rooms constructed within this relatively modern school. Other schools must have the same difficulty. Until the Authority is able to remodel the school internally to accommodate the class sizes anticipated by the funding model, then it is unreasonable to fund schools in this way.

With regard to the changes proposed to the Scheme for Financing Schools, understandably there are clear requirements placed on schools for information to be provided to the Local Authority in a structured and timely manner. This has to be balanced by reciprocal requirements on the Authority also to provide information to the school in a structured and timely manner. We have frequently been faced with altered requirements being notified at or beyond the latest possible date for the school to be able to prepare its response accordingly. Once again, the gap between theory and practicality appears to be widening rather than narrowing.

The headteacher's response makes a number of other constructive points regarding other aspects of the consultation but the above are considered to be of greatest concern to governors at this time.

Response from the Chair and Vice-Chair of Governors of a Dual Stream Primary School

We would like to raise the following funding issues for consideration.

Class Sizes and Teacher Ratio Payments

Following a review of our funding and class size structure for Spring 17 and Summer 18 the school is now financially finding it extremely difficult to balance class sizes and implied teacher ratio especially in our foundation phase classes.

Since we are a dual stream school we cannot simply merge classes across the whole school to accommodate the cabinets suggested teacher efficiency savings. The school has already been financially forced to close a Welsh provision classroom and this has led to larger classes in the Welsh stream. We are also running very high numbers in the English stream. These numbers across the school are expected to rise even further in January 17 and Easter 17 (with the potential for additional children over these figures).

Class size breakdown January 2017 (in brackets is the Easter figure if expected to be different):

	English-medium	Welsh-medium
Class 1	22 (29)	26 (32)
Class 2	28	30
Class 3	32	28
Class 4	32	

January total = 198
Easter total = 211

We are a school considered large enough to require a non-teaching head and thus her full time equivalent should be removed from any calculations.

We are requesting additional funds for the spring term 17 by our calculations of 0.4 FTE teaching post and summer term 17 of 0.9 FTE teaching post to help balance our complicated class sizes and structure. We can then re-evaluate the situation for September 17 when the authority’s admission age changes come into force.

ALN Top-up Funding

The school has requested several times over the years for additional funding to support individual children via the ALN top-up funding panel only to be turned down on every occasion.

Can this process be reviewed and can clear and defined criteria please be released that details what is required to trigger the funding available? Some schools would seem to have access to large sums from this funding stream whilst others have none.

You can appreciate that the application for funding is time consuming for staff and to be subsequently turned down every time with children that we consider suitable for additional and occasional 1 to 1 support from the scheme is not appropriate.

Response from the Headteacher and Chair of Governors of an English-medium Secondary School

Whilst we appreciate the opportunity to comment and recognise a step towards more transparency in these arrangements, there still remains much that could make this process simpler.

However, the complexity of this necessary process does not address the wider extremely taut financial setting in the public sector. Our Finance and Building Committee note that managing the school's budget has become a critical matter and despite long term thorough oversight, significant and continuous good husbandry of available funding, reduction of staff and tiring infrastructure and classroom materials this cannot be allowed to continue indefinitely. Urgency into agreeing a Powys wide modernisation programme and the resultant freeing up of resources into giving governors and headteachers the means to raise standards for all our young people is long overdue. The school has now no flexibility in its annual budget; every unforeseen cost requires difficult decisions and this cannot underpin the viable provision of excellent education.

Response from the Headteacher and Chair of Governors of Crickhowell High School

1. Overview

This is a response to the draft proposals recently issued on the Fair Funding Formula for Schools in Powys. It comes from the Governing Body and Leadership Team of Crickhowell High School and thus reflects our joint view on future Secondary school funding.

We fully accept that the principles of distribution of educational funding are trying to achieve a number of potential conflicting goals, including: *achieving institutional stability*, allowing changes to reflect *student demographics*, enabling investment in *improving educational standards*, supporting students with potentially particularly expensive *additional learning needs outside of core funding*, *supporting communities* and achieving *reductions in overall costs*. We also accept that as a result there will have to be some *cross subsidy between stronger and weaker institutions*.

It is our view that in times of financial stringency these trade-offs alter and the priority must switch to using limited available funds on actual pupils rather than supporting institutions and employees.

We also believe that there are opportunities for institutions elsewhere in the County (as we have in this school) to mitigate some of impact of demographic change in using their facilities to provide other services to the community which Powys CC would otherwise be unable to continue to provide. In a rural location the potential for a community focused school to meet local needs is significant.

Budgets are meant to be the practical message of direction in an organisation. The explicit targets for the education service are to:

- a. Drive up standards for all students educated in Powys
- b. Reduce surplus places
- c. Invest to raise all school facilities to 21st Century standards.
- d. As part of the broader Powys policy – to work together with the other Council groups and the community to continue to deliver high quality services across the county.

The Fair Funding Formula is silent on standards. However, research across PISA countries show clearly that there is no provable general link between small class sizes and high exam standards or good behaviour – which arise mainly from good management and cultural factors in institutions. There is thus no reason for the Formula to support small class size. However, there is research which would seem to show that engagement with schooling particularly amongst middle ability students can be significantly improved by access to a greater range of subjects and extra-curricular activities such as sport and arts. This can only be encouraged in the Formula through encouragement of scale.

The Council has suffered from significant school resistance to modernisation, particularly small sixth form closure. This is because schools and their Governors believe smaller schools and sixth forms can survive long term, thus increasing financial pressure on less viable schools supports a change of thinking in this group.

The path to raising school facility standards to 21st Century status lies not only in Powys CC led projects but in school led facilities improvement – possibly by prudential borrowing – the Formula currently does not enable this by discouraging ‘trading’ new facilities to support development but also moving income to protect schools with poorer facilities – such as bad energy management systems. There is thus less of a focus on facilities improvement in schools.

The levels of reserves and spend patterns of schools whilst currently in decline due to overall budget reductions does show surpluses tending to occur in schools at the recipient end of redistribution in the formula. For example, a number of schools have funded minibuses from delegated funds which would be quite out of the budgetary scope of lesser funded schools. This suggests that higher funded schools have not just been funded to cover lack of economies of scale but also to fund extra activity which should have been offered equitably across the county.

The clear message from the Powys Schools’ Transport Audit findings over the last year is that some schools with falling rolls have had sufficient surplus (in one case over £100K a year) in their budget to fund activities not only outside core educational expenditure but also outside the rules for delegated spend. This clearly demonstrates that they are overfunded.

Educational costs are largely made up of staff salaries and in times of change we have had to make workforce changes to make these more flexible and lower. This has included voluntary severance, Leadership Team changes and Fixed and Part-time contracts. We have successfully done this at the same time as pushing educational outcomes ever higher. We note that we have relatively very high utilisation of teachers paid hours (though well within contractual limits) but also low absenteeism and voluntary turnover which suggests making these workforce changes has not adversely impacted on teacher morale. We also have a good Industrial relations climate.

There are economies of scale in education but they are not linear – whereas an extra pupil in a class of 20 probably is at fairly marginal cost, an extra stream (as we have recently put in) is certainly not. As a school with a growing roll a system designed to maintain stability is acting negatively on us to restrict our ability to change. We run with classes of 30 below year 11 except for some minor options and also have some classes of 25+ in the sixth form. We do so with both good results and good behavioural standards. We wonder whether Powys can afford to enable schools to run with much smaller classes and specifically why our students are paying for this practice.

As a fully inclusive school with 24% of students with additional learning needs (and excellent results from this group) we have been experiencing transfers of students from other schools who seem to have experienced covert selection on grounds of ability as a response to increasing stringency on standards. We are concerned that

the proposed funding formula will actively encourage this practice. We are also concerned that whilst it focuses on students with intellectually based learning needs as measured by CATs scores it ignores the needs of those with behavioural issues and thus must be challengeable under the Equality Act of discriminating against this group of students with a protected characteristic. Such students often experience exclusion anyway as a response to behaviour and positively encouraging movement of them between schools seems profoundly wrong.

We are also a school with a sharply changing Free School Meal Indicator. It has changed from a long-term average of about 3% to a position where in Year 8 we are now 14%. Such students do require more support as they are more generally disadvantaged. We find the continuing use a 3-year rolling average for this indicator whilst promoting stability is not fit for purpose.

It is our view that the Fair Funding formula is a system able to facilitate year to year fluctuations in cost and student demand but is the wrong instrument to support or avoid structural change in schools. That is the task of Schools’ Modernisation.

We believe that the formula’s long term use in this way is inconsistent with Powys’s general legal obligations to act ‘Reasonably and Equitably’ and thus could be subject to adverse Judicial Review.

We also believe that its long term use to subsidise schools with falling rolls from funds derived from schools with rising rolls is inconsistent with principles 1-4 of the Wellbeing of Future Generations Bill (requirements to act for the Long term, Seek to Prevent adverse effects, Integration both within the Council and across the Council and Collaboration with other parties). Its use in its current form is thus liable to referral to the Commissioner for review.

We also consider that the complexity of the FFF militates against the Nolan Principles of the Council acting in a Spirit of Openness and showing Leadership in addressing difficult issues.

The following paper seeks to explain these criticisms in more detail and make some suggestions for a more equitable way forward.

2. Frame of Reference

Crickhowell High School is an 11-18, English Medium Secondary School.

Its pupil numbers current and predicted are:

	No on Roll – September 2016	Projected No on Roll – January 2017	Projected No on Roll – January 2018	Projected No on Roll – January 2019
Year 7	144	146	150	150
Year 8	130	135	146	150
Year 9	126	130	146	146

Year 10	128	130	135	146
Year 11	117	117	130	135
Total Y7 to Y11	645	658	707	727
Year 12	118	118	120	130
Year 13	77	77	110	115
Total Y12 & Y13	195	195	230	245
Grand Total	840	853	937	972

Its pupil mix of FSM and ALN students is:

- Eligible for free meals 56 6.7%
- School/Early Years Action. 86 10.2%
- School/Early Years Action+ 56 6.7%
- Full or Part Statement 10 1.2%

Our current and future ALN funding is expected to be:

- 2016-17 £186,586
- 2017-18 £171,607
- 2018-19 £135,353
- 2019-20 £103,225

Our education standard is:

Level 2	School	Family	Powys	Wales
2015-16	97	92.6	85.6	83.6
2014-15	98	93.1	88.7	84.1
2013-14	96	92.5	86.5	82.3

Level 2+	School	Family	Powys	Wales
2015-16	86.4	76.6	64.9	60.2
2014-15	77.9	72.7	63.9	57.9
2013-14	72.1	73.2	59.6	55.4

Our cost per student is:

- 2015-16 £4,393
- 2016-17 **£4,239**
- Projected 2017-18 £4,008

We currently get funded: **£2,750** on average

If our students had been funded at the Powys average this would have resulted in the following additions to our budget per year: £934,360

We have 30 Students who have arrived after the Funding cut-off for their cohort and these would attract funding on an average funding basis of: £82,000

Unusually we experience regular new students throughout the academic year and in all academic cohorts:

September 16 – December 16:

Year 8: 3 Year 9: 3 Year 10: 2

September 15 – June 16

Year 7: 9 Year 8: 10 Year 9: 8 Year 10: 4

September 14 – June 15

Year 7: 4 Year 8: 6 Year 9: 8

3. Our understanding of the Legal Framework

We believe the Fair Funding Formula must satisfy a number of legal and objective tests. These are:

- a. General principles of administration
 - i. To be Objective – the formula broadly meets the self-perceived interests of schools with stable or falling rolls. It has been created using a democratic process for consultation and approval but consistently has failed to meet our needs as a school experiencing a rising roll and change in demographic. We believe that case law strongly supports the view that the Council must take into account special circumstances and not blindly create and implement rules for the majority without due regard or an exceptions process for those who do not fit this model.
 - ii. To be reasonable – It is our view that the following items are unreasonable:
 - Asking us to educate large numbers of students without reimbursement.
 - taking the funding for ALN students coming from other counties (with their additional funds to meet their needs) refusing that funding from the receiving school and distributing it to other schools via the panel/central funding system
 - In times of financial stringency prioritising institutional and employee welfare of schools with falling numbers over delivering education to real young people.
 - Allowing up to a three-year transition period to schools with a falling roll to make cost adjustments whilst expecting a school with a rising roll to absorb all the cost for up to three years.
 - iii. Act Equitably – it is our view that the major differences in funding per pupil across the county are now at such a level that they are inequitable and could bring the Council into disrepute.

We thus consider that the Fair Funding Formula current and proposed fails the requirement of sound administration and would be subject to adverse judicial review.

b. Wellbeing of Future Generations Bill

The requirements of this Act are for Public Bodies to consider in their plans:

i. Long term

The importance of balancing short-term needs with the need to safeguard the ability to also meet long-De needs.

The fair funding formula is a short and medium term instrument. The increasing level of surplus places around the county has been and is a long term problem. Short term it would be quite acceptable for financially stronger schools to support weaker schools by cross subsidy whilst other plans to remove surplus capacity are matured but in the absence of such plans and the long term nature of this redistribution is not sustainable as funds are diverted from pupils learning to empty buildings.

ii. Prevention

How acting to prevent problems occurring or getting worse may help public Bodies meet their objectives.

The fair funding formula is reducing the pressure on schools with falling rolls to do something either by reducing costs, being more willing to accept structural change or welcoming school modernisation. Conversely schools with rising rolls do not have the funds to develop in line with their rolls.

iii. Integration

Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.

The fair funding formula is reducing organisational pressure on schools with falling rolls to reach out and integrate with other Powys plans (such as provision of Leisure and Library services) as a way of enhancing student and community experience (and institutional survival).

iv. Collaboration

Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

The fair funding formula is causing a feeling of conflict and competitiveness amongst schools and communities where collaboration would be a better outcome.

v. The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

The formula reflects the needs of a stable rural majority in Powys but as proposed does not reflect the needs of ALN students or those from a more urbanised and rapidly changing environment.

4. The current Proposals

- i. We have no issues with the technical changes proposed in most of the paper as they do not appear to affect us (or indeed anybody). The changes to ratios etc. demonstrate how complex this subject has become and how difficult to be open and transparent about the Formula when discussing it with a broad range of Governors, staff and parents.
- ii. The failure to present the proposals without tables to show how each change affects individual schools we regard as a failure of transparency. This is known as could easily be communicated.
- iii. Additional Learning Needs funding

We are particularly concerned with this proposal and the whole ethos of ALN funding generally as:

- The core funding assumes that the school will accept all pupils that need extra support. We know from experience and observation that invidiously and discretely some schools are gaming the system and saying they are unable to meet pupils needs but retaining the core funding (without the spend). This will happen with pupils with students who do not have the capacity to get the Level 2+ standard and are under 85 in their test scores. Exactly the students the formula should encourage schools to support.
- The proposals leave out the consideration of ALN students with behavioural issues rather than intellectual learning problems for example high functioning Aspergers students. These students are already frequently excluded by some schools. Leaving them in effect out of the formula will encourage their exclusion and apart from being subject to legal challenge will have adverse impact on their education.
- The new cut-off (85) in test scores means that it is to the advantage for schools to game the system and facilitate weaker pupils (but with the potential to get Level 2+) to get lower than the 85 mark.
- The formula is also based on a three year FSM rolling average. In view of our rapid change it is our view that a shorter time scale is required.
- The panel system is too cumbersome and slow for a school with new starters throughout the year. It is also unclear to us given many students are already in Primary Powys schools that provisions cannot be agreed well in advance of their arrival.

It is our proposal that:

- i. Centralised funding should be provided for all listed statemented pupils up to the extra marginal cost of their support. This should be done at the expense of the level of core funding.
- ii. That the formula is calculated on 2-year average for FSM and pupil numbers only for core funding – but that provision is only provided to schools with at least 15% of pupils below the 95% band. This will strongly discourage gaming and covert selection.

iv. Overall basis of model

We have an increasing concern that the FFF has been designed to protect schools with falling rolls over a period of time using curriculum modelling in key stages and does not cater adequately for a school with an increasing roll as a result:

- Schools with falling rolls do not react swiftly to falling numbers.
- Currently payment is by cohort in secondary looking at January PLASC and is not reviewed until year 9 (3 years) and then again at Year 11 (2 years). In the real life experience of a rapidly growing roll this is insufficiently fast.
- The impact of this is that in a situation of reducing resources schools with falling rolls have 3 years to adapt whilst schools with rising rolls have no support at all to educate the extra pupils.
- The focus on the January PLASC result post sept year 7 entry disadvantages schools with substantial entry after Sept year 7. Under the current formula a pupil who joins Feb Year 7 will not be funded for 3 years, in Year 8 2 years and so forth.
- Where an increase in entry numbers arises from increased floor space and we would tend to fill all the extra spaces within weeks of the change in all years 7-10 – all without payment.
- In contrast schools which have had an increase arising out of reorganisation get the pupil element of the funding from the day the pupil arrives.

We would propose that either/or:

- The pupil led element of the funding is increased in percentage terms against some of the other elements of the formula.
 - We return to a situation where pupil numbers are calculated from the PLASC return submitted 10 days after the due date in January (with correction as the result of audit as soon as possible in September of the new financial year) and reviewed every year.
 - Pupil number changes arising out of admission number changes are treated as policy and paid from the beginning of the financial year afterwards (we reluctantly accept that mid financial year pupil number changes cannot be dealt with as they happen).
 - Or there is a floor and ceiling set each year of funding per pupil with the better off capped and the funds diverted to the floor for the less well funded.
- v. The incidence of exclusions in schools in Powys is very varied for reasons which do not seem to align with results or any other measure of behaviour. There are obviously some very valid reasons for excluding a pupil but these are fairly rare and schools need to do their utmost to avoid the final step given the impact permanent exclusions have on students in a very rural county. The impact of exclusions is also financial on the county from providing transport to

the nearest suitable provider and for the receiving school or alternative education provider. It is quite legitimate for a head and Governors contemplating exclusion to consider these impacts in their decision and to consider other more innovative ways of proceeding. (A number of schools have put in wellbeing and inclusion protocols to diminish exclusions and this could be the norm.)

We thus propose that when a pupil is excluded:

- There is an immediate transfer out of £7K (about twice the average pupil cost in the formula) out of the schools' budget as well as all Panel monies for ALN costs. This will not be reduced pro rata depending on the date.
 - If the exclusion takes place post the January PLASC date the school will in addition also have £7K + ALN monies removed in the subsequent budgetary year.
- vi. The Council and local communities should encourage schools to take on and run local facilities such as sports and leisure provision and libraries. Where this makes sense economically. However, the current Council policies means these 'trading businesses' have to keep separate accounts, cannot be invested in (other than from in year revenue), and developed in the medium term. They receive scrutiny and management attention far in excess of similar core funding in the schools' service. In reality their accounts are made up of synthetic figures based on reasonable assumptions and allocation of overhead.

We would propose that they should have separate cost and income accounting codes and be subject to discussion only where the overall school position is in deficit.

Response from the Headteacher of Newtown High School

I write at the request of the School Governors following a full meeting held on the 8th December 2016 to express their concern over the proposed changes to the Fair Funding Scheme particularly in respect of the aspects relating to split site schools. The proposed cut to the school's budget of £157,000 is one that the Governors totally reject within the given four-month timescale.

Governors wish to remind the Local Authority of the discussions held prior to the closure of John Beddoes High School in 2014 on Newtown High Schools involvement in the future of educational provision on the site and the assurances provided by Senior Officers from Powys that any involvement of Newtown High School would not be at the determinant to the future of the school and that both schools would continue to be fully funded. Having spoken to both the previous Headteacher and previous Chair of Governors they are both adamant that funding arrangements were clearly agreed prior to closure and that promises were made to maintain funding. Without these assurances the outcome may well have been different and Newtown may not have become involved.

Due to the geographical distance between the sites which is in excess of 30 miles it is not possible to treat the school as one site or to compare it to other split site models. No other school in Wales has a catchment area of 250+sq miles. The economies of scale have minimal effect as both sites need to operate with full teaching, administrative and technical support in relation to pupil numbers. Treating the school as one site in calculating these aspects is detrimental to the provision of support offered to students by Science or Technology Technicians who are based solely on one site. It is not possible to share technical support other than on special one off occasions or by means of support over the phone or by skype. This sharing of knowledge does not replace preparation and assistance in the classrooms of either site. Whilst Newtown High School has embraced the use of technology to aid cross site working there are significant times when face to face support is required.

Other aspects of administrative support have been considered and it is our opinion that no further reduction in staffing levels can be supported. Both sites need to operate with Learning Support Assistants, Office staff and ICT support relevant to the size of the site.

The economies of scale have been taken up by the leadership team of the school which now consists of one Headteacher, an Acting Deputy Headteacher and three Assistant Headteachers who operate across both sites. Again it is impractical to work on both sites on any one day due to the time lost in travelling. The leadership team have been reduced by one Headteacher and two Deputy Headteachers since the closure of John Beddoes High School meaning that we are now operating with no additional capacity above that of Newtown High Schools leadership team prior to its involvement in the work with John Beddoes. A reduction of the budget as proposed would lead to serious consideration of the size of the current team with possibilities of a further decrease of one Assistant Headteacher. At that point as professional lead of the school I would not have the confidence that the school can provide suitable

leadership on a daily basis across both sites. Health & Safety requirements and a duty of care towards staff and students could not be met by this level of leadership support

The school has made great efforts to offer a curriculum model to raise standards across both sites and indeed the progress on the John Beddoes Campus is widely regarded as a success with significant lifts in performance in all indicators, however it is difficult to see how the school can maintain these standards going forward should reductions take place. Teaching staff are generally reluctant to work across sites due to the travel distance and to the feeling of not being able to establish themselves as teachers if they are only on one site for one day per week. This leads to students feeling that they are not getting consistency of teaching if access to that member of staff is only on one day a week. In recent interviews few candidates have expressed a desire other than to work on one site.

The impact of further increases on pupil:teacher ratios has a major impact on the smaller of our two sites and would lead to an imbalance of curriculum opportunities offered. It is impossible to allow students to travel between sites to accommodate curriculum choice due to the lost learning time and restrictive cost of transport.

Governors have a view that this change to split site arrangements is to protect the authority from increases due to further split site school arrangements being created.

Governors are fully prepared to work with the LA over this issue and accept that the amount of funding in the system is simply not high enough in the first place.