

● **FAO: KATHRYN. JENKINS - URGENT.**
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Response to a Call for Evidence by the Enterprise and Learning Committee:

**IMPLEMENTATION OF RECOMMENDATIONS ON SCHOOL FUNDING -
FOLLOW-UP REPORT**

**Evidence submitted jointly by: ASCL (Association of School and College
Lecturers) Cymru and NAHT (National Association of Headteachers) Cymru.**

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Joint Submission by: ASCL and NAHT

GENERAL POINTS

Between the two associations, ASCL Cymru and NAHT Cymru represent school leaders – the budget holders - in the vast majority of leadership teams in schools across Wales encompassing the whole 0-19 age range and covering primary, secondary and special schools.

We presented detailed submissions to the original School Funding Committee. We regret that our members report little improvement in the transparency and clarity of the funding system since that valuable work was undertaken. Indeed, many argue that the situation has worsened.

We therefore welcome the opportunity to submit evidence to the Enterprise and Learning Committee. We feel that failure to address these issues in a way which has an actual, positive, impact on our members' experience of the funding system threatens the successful implementation of the significant curriculum change for students of all ages.

We are happy to deal with the specific questions which fall within the remit of the Committee's follow-up report. We would emphasise our basic contention however - that while progress on implementing the School Funding Committee's original recommendations would bring valuable clarity into the existing system, only a greater delegation of funding direct to schools would clear the 'funding fog' to the extent demanded by our members.

SPECIFIC INFORMATION REQUESTED BY THE ENTERPRISE AND LEARNING COMMITTEE:

1. The transparency of the funding process

Do you feel you understand the processes involved in how schools are funded?

- No, or not sufficiently well.

Members expressed the view that budgets at a local level are still not detailed enough to inform head teachers on how the final figures are arrived at. Formulae are unnecessarily complicated and have not been substantially revised since LMS was introduced 20 years ago.

A brief glance at the length and complexity of the SSA factors considered by local authorities should serve to illustrate the difficulty here.

- On the promised 3 year budget cycle, a consultation document for schools has yet to be published even though the policy is due to be implemented from April 2008. Rumour suggests that what will emerge will be a cycle of 1 year 'firm' and 2 years 'indicative' budgets which will not be any improvement on the present from the schools' perspective

- On the key ELL recommendations regarding the funding methodology, a significant and substantial research report by Bramley and Watkins, which was commissioned by WAG, was published on the website in September 2007 but there has been no further indication as to whether its recommendations are to be taken forward.

What information would you find useful to help you understand the process – and why?

From the Welsh Assembly Government:

- A clearer explanation (perhaps on the Assembly Government website?) of how WAG determines its funding allocations for various education initiatives and a clear audit trail of additional resources from WAG to local government.

We would argue further that greater transparency and accountability in this regard can only be adequately served if there is an *independent* assessment of the costs of implementing new initiatives before they are implemented so that the issue around the affordability and sustainability of such initiatives can be fully understood.

- Early implementation of the system described in the following statement cited in the Finance Committee papers (17 January 2008):

'The Minister [Minister for Finance and Public Service Delivery, Andrew Davies] did accept that, in the future, it would assist the Finance Committee and the Government to be able to audit progress by making a clear link between the strategic policy objectives and particular budget lines. The Finance Committee expects this to be done well before the next budget round.'

- Greater consistency in terms of policy. After the publication of the School Funding Committee's Report, the then Minister, Jane Davidson acknowledged that spending up to the IBA should be regarded as a target for local authority education spending. Despite this, 14 out of the 22 authorities failed to meet that target last year. We expect that number to increase this year. Despite this ministerial acknowledgement of the IBA as a target, WAG's most recent submission to the STRB explicitly states that it is not a target. This creates confusion and ill-feeling.

From LEAs:

- All local authorities to provide schools with a 3 year budget cycle which involves at least a 2 year 'firm' commitment.
- Greater clarity in the way in which LEA non-delegated funds are spent and on what. This demand is in part fuelled by an increasing loss of confidence in local authorities' specialised support for schools. Funding is occasionally allocated to fund specific support (Change Managers for remodelling; Early Years specialists for the Foundation Phase for example) but very frequently, because perhaps of a

more general lack of resources in local authorities themselves, these personnel are transferred to other functions within the authority after an initial period. Schools do not therefore find that they are benefiting directly (or to a sufficiently specialised degree) from the percentage of education funding which is centrally retained by authorities – a percentage that is increasing annually.

The percentage of centrally retained funds has increased steadily over the last 6-8 years. The lowest level of percentage delegation to schools now stands at 70.3%; the highest at 82.5%.

If you have any views on the legislative framework governing the funding of schools in Wales, please include in your response.

- We favour an activity-led base funding entitlement. This would apply to all LEAs and would represent sufficient funding to cover the costs of employing the staff necessary to deliver the core national curriculum.
- These arguments were put in detail to the School Funding Committee by ASCL Cymru and NAHT Cymru when it conducted its original inquiry. We draw your attention, in particular, to the following:

'Pupils should be entitled to a minimum standard of funding to cover essential activity-led operations. This could undoubtedly be funded on a per pupil basis whilst recognising that different activities within the prescribed curriculum necessitate differing amounts of spend, for example the cost of educating a child in the Foundation Phase will be greater than elsewhere in the primary sector because of the prescribed ratios. At secondary level it costs more to provide a Technology class than it does to run a class in mathematics. Welsh-medium schools have for long argued that it costs more to educate a child in Welsh and more again to educate him/her bilingually[...]

'Provision for pupils' entitlement to sport, access to learning, additional needs support, specialist teaching etc should be seen as an addition to base provision. It should be determined by the school since we do not believe central government can adequately define, regulate or service the diverse needs expressed by local communities and by the pupils of schools themselves. WAG is committed to listening to learners but learners will feel betrayed if their articulated needs cannot adequately be met. Schools are best placed to listen to the needs of their own learners and parents and should thus be free to determine as much of their own spending as possible, given that they must meet regulated obligations and guidance and will be audited against that activity.

NAHT Cymru's submission to the School Funding Committee (16 November 2005):

2. Access to information including the provision of information on the web

Do you feel that you have ready access to the information you would like on how your school and other schools are funded?

What information would you like – and in what form – and why?

- Clear comparisons between LEAs including what is delegated to schools so that school leaders and governors can follow the audit trail.
- The published statistics on education expenditure do not include such basic information as the number of pupils which limits the usefulness of the statistics.
- Timely confirmation of budgets – a process which would take into account the realities of employment and other factors at school level.

In late January, most schools in Wales are still unaware of their budget income for 2008-09 and planning on curriculum and staffing matters is consequently delayed.

- More explicit information from the Government about the money it allocates for new initiatives and the amounts it allocates to local authorities to fund these.

Schools have received contradictory messages from WAG and LEAs regarding the funding of the Foundation Phase, for example, specifically about how the necessary increase in staffing levels to accommodate new adult:pupil ratios is to be calculated and funded.

- Consistent financial reporting between LEAs so that proper comparisons are made.

A working group, involving school representatives, was set up to develop a model for Consistent Financial Reporting was set up in 2006. It has not met for some two years in spite of assurances that it would continue its work.

Section 52 statements are still not being completed in an entirely consistent format by 10 local authorities as recorded in the Report on Budgets set by Local Authorities for Education Services in 2007-08 published by StatsWales in December 2007.

Research into the Funding of Small Schools involving a comparison between Local Authorities has not been able to proceed satisfactorily due to the inadequacy of the Section 52 statements.

The Assembly Government is developing a school funding section on the main Assembly Government website, including a dedicate email address for enquiries, to provide accessible information on school finding.

What information would you like to see on the dedicated area of the website?

- We would ask that the site is designed mindful of the use school leaders are likely to make of it and the kind of information they need to make decisions at a school level. For example, on specific or hypothecated grants, the WAG funding website already describes the purpose of such grants but fails to identify what grants currently exist.

- Information on the resources that the Welsh Assembly Government has allocated to implement individual aspects of education initiatives and detail of how this is to be distributed to schools.

How would you like it kept up to date with current information?

- Some use of email to transmit information direct to schools on important funding matters, rather than relying on communication to schools via LEAs or requiring schools to navigate the WAG website.

We have examples of schools who have suffered substantial detriment because the flow of information is currently inadequate. In one example a school reported the failure to receive £24k of KS4 Improvement Grants due to the failure of the LEA to forward key information.

3. Additional funding

Where additional funding is made available, perhaps through a grant from the Assembly Government e.g. money for the schools breakfast initiative or RAISE funding; do you receive useful information at the appropriate time?

- It often takes a great deal of time before schools know how much (if any) money will be allocated to them as a result of additional funding streams like these. While additional resources are naturally welcome, lengthy delays and the excessive bureaucracy involved in applying for them makes it difficult to plan effectively at school level.
- We also have a wider concern in that a dependence on uncertain grants to address fundamental educational needs compounds such planning difficulties. The significance of this is best illustrated by an example – that of Ceredigion where funding to schools via specific grants fell by 28% between 2004/05 and 2005/06.
- The use of specific grants and a 'bid' culture as a funding mechanism still persists despite the Workload Agreement; thus for example:

The introduction of the Foundation Stage requires schools to submit bids for funds to demonstrate that the requirements of staffing and facilities are to be met before funds will be released.

The implementation of the 14-19 Learning Pathways requires schools to submit detailed plans to the Learning Network before funds will be released. There is inconsistency between Learning Networks as to what is deemed acceptable expenditure. Thus some will fund transport costs and others will not and this despite a clear ruling from the previous Minister for Children and Lifelong Learning.

A Director of Education reported that he had to manage up to 50 different funding streams at any one time.

- The repeated use of the same weighting factors, such as deprivation, in all funding streams continues to mean that schools which are successful with one bid tend to be successful in all bids while some schools are unable to access any of the specific grants. It is therefore unduly penalising schools in less deprived areas.
- Members continue to report their frustration about the inaccessibility of information about additional funding streams.

How could the flow of information be improved?

- Greater clarification of the funding criteria and ensuring that the weighting factors are relevant to the specific focus of the grant.
- When, after 3 years, the specific grant is absorbed into the general revenue settlement, it should appear as a specific line in the budget to avoid the speculation that in the process the funding has in reality been discontinued.
- Sending information direct to schools via the email links that already exist.
- More timely information to allow for better planning.
- Simplification of the grant application process.
- Fewer dramatic fluctuations in levels of funding.

4. Investment in school buildings

Do you think information on school buildings investment at the local level is clear?

- No
- It is reported that up to 5 LEAs have yet to complete a satisfactory Asset Management Plan and to ensure that all schools have a copy.
- In the context of falling rolls and potential school reorganisation, members report cases of local authorities being reluctant to commit capital funds until such time as reorganisation plans are in place. Given this pattern it is not surprising that school leaders in too many LEAs are not aware of the funds available and have no information as to the decision making process.
- LEAs differ in their interpretation and definition of capital expenditure and the threshold at which responsibility for the expenditure passes from the school to the LEA.
- In consequence, schools report having to fund capital works from within school revenue budgets.

How could information on the source and amount of funding on capital programmers (specifically buildings) be clearer?

- The Capital Investment Plan should be based on meaningful dialogue with schools
- The key points of the Capital Investment Plan with time scales for completion, must be disseminated to all Governing Bodies and school leaders on an annual basis
- WAG must clarify the respective roles of schools and LEAs regarding minor capital works and the rules for defining capital works and determining the thresholds at which responsibility passes to the LEA.

5. School budget for a

Do you think these are operating effectively?

- Members report that the fora are working well in some local authorities but are merely rubber stamping exercises in others. Thus in some cases, the consultation with the forum on the planning of the education budget is meaningful and influences decisions; in others the consultation is a sham with the forum meeting taking place 1 day before the council determines its budget plan for the year.
- In the best practice examples, the school representatives are fully involved in dialogue with the local authority prior to the determination of the local authority budget and these discussions do impact on the decision making process.
- In other areas, the budget forum receives reports but has little opportunity to discuss and influence the decision making processes of the local authority. In these cases, the elected members exercise considerable control over the forum.
- In some authorities, the remit has been widened and the budget forum has evolved into the schools forum with benefits in terms of meaningful dialogue and collaborative working.

What outcomes would you like to see from the Welsh Assembly review of school budget fora?

- The review should be undertaken by an independent agency
- A clarification of the role and responsibilities of the fora to ensure all local authorities adopt a consistent approach.

- The use of regulatory guidance to ensure that time schedules for discussion of matters at the forum match the time schedules being adhered to in other areas of the authority.
- WAG should identify the key decisions which could be delegated to the budget forum within the local authority.
- Advice, information and training for those who sit on school budget fora, making clear their powers and increasing their knowledge of local government budget setting processes.
- The availability of greater sanction when budget problems occur – such as the failure of the LEA to reach the IBA spending target identified by the previous Minister.