

Cynulliad Cenedlaethol Cymru | National Assembly for Wales

Y Pwyllgor Plant, Pobl Ifanc ac Addysg | Children, Young People and Education Committee

Cyllido Ysgolion yng Nghymru | School Funding in Wales

SF 24

Ymateb gan: Cyngor Bro Morgannwg
Response from: Vale of Glamorgan Council

The Vale of Glamorgan Council welcomes the opportunity to contribute to the Children, Young People and Education Committee's inquiry into school funding in Wales. Please find our response to key focus areas of the inquiry below.

The sufficiency of provision for school budgets, in the context of other public service budgets and available resources

Public spending on education across the OECD has lagged behind the growth of GDP since 2010. Spending on education in Wales has reduced by 10% over the past 10 years, compared with a standstill (0%) position on social services and a 21% increase in spending on health.

Although the total Education Indicator Based Assessment (IBA) within the Local Government Settlement has increased from £2.133bn in 2009-10 to £2.242bn in 2018-19, this has not been sufficient to cover the fundamental cost of delivering education in Wales, let alone inflation. It should be noted that the 2019-20 Provisional Local Government Settlement does not provide the full funding to schools next year to pay for pay awards. In addition there have been no monies provided to pay for the increased costs of Teachers Pensions estimated at £41 million for 2019-20 and £70 million in a full year. This means that education services and schools in particular will be facing extremely difficult decisions to balance their budgets with compulsory redundancies being inevitable unless significant new monies are invested in the service.

It is absolutely clear that there continues to be significant real term cuts in the level of core funding available over time once funding changes are compared with the scale of cost increases and growing expectations and responsibilities / policy initiatives placed on local authorities and schools.

Schools are facing increased demands relating to Additional Learning Needs and curriculum reform, however, these areas are not being funded

sufficiently. Early intervention and preventative provision should be prioritised if we are to meet expectations set out in the National Mission. Similarly, there are many barriers to learning that pupils from ethnic minority backgrounds, those with English/Welsh as an additional language and children and young people from traveler families, face throughout the course of their education. Equality of opportunity for these pupils cannot be achieved without targeted support which should be adequately funded.

At present, the majority of preventative funding appears to be allocated to the Health Sector. The Vale of Glamorgan Council works with the Public Health Board, Cardiff and the Vale UHB and other partners to implement particular initiatives in schools although it is questionable whether any of this work will have a discernible impact due to the way in which it is funded e.g. through short term grants or initiative specific funding which has largely been allocated to other agencies. This funding needs to be included in the core funding for education to enable support to be differentiated and more appropriately targeted resulting in a greater impact on the wellbeing of individual pupils.

Local Authorities do not receive sufficient funding for pupils with complex needs who require specialist provision. There is a grey area in relation to the education needs of these pupils as compared to their health needs. This results in special schools having to foot the bill for medical and nursing costs which should be met by Health Boards. This is placing a further burden on the inadequate funding for education services and schools at individual local authority level. The increase in the number of children with complex needs coming into the system inevitably results in more of the schools' funding cake being allocated to special schools (special school places are significantly more expensive than the cost of a place in a mainstream setting), thereby reducing the portion left to distribute amongst the remaining schools. This inevitably pits schools against one another as they seek to influence and maximise the overall quantum being allocated to their sector, e.g. primary, secondary, special etc.

The extent to which the level of provision for school budgets complements or inhibits delivery of the Welsh Government's policy objectives

Core statutory education provision is fundamental to the delivery of the Welsh Government's longer term policy objectives and needs to be consistently recognised as such. Short term / time limited initiatives, however well intentioned, can have only a limited impact without maintaining an adequate level of core resourcing and provision.

The realisation of the new curriculum will require the development of a high quality education profession. The recently announced £15 million grant funding across Wales for professional development is well intentioned but will be subject to specific criteria. It will be made available to schools at a time when reductions to core funding and the need for schools to balance their budgets will inevitably lead to redundancies. This funding could have perhaps been better used for ensuring appropriate core funding of teachers pay and pensions. It is critical that the education workforce receives professional learning support to deliver the four purposes of the new curriculum. However, this is an on-going requirement rather than a time limited one and as such it should be recognised by including adequate funding in the Revenue Support Grant so that it can be subsumed into schools' core funding. This would enable schools to access professional learning opportunities without grant funding and the restrictions and bureaucracy that accompany it.

Extensive professional development and upskilling is required in preparation for the implementation of the Additional Learning Needs and Education Tribunal (Wales) Act. Although there will be common national training packages these will need to be delivered locally by Local Authorities and/or schools who will need appropriate time and resources to ensure effective roll-out. The extension of the statutory age range from 0 to 25 and transfer of responsibility of Post 16 specialist placements to Local Authorities will inevitably result in additional costs in meeting the needs of learners with additional learning needs which has not been acknowledged by Welsh Government.

“Strong and inclusive schools committed to excellence, equity and well-being,” is a key enabling objective underpinning the national mission. “All learners must be supported to be emotionally and physically ready to learn in a safe and supportive environment. Equity requires that we ensure the system, at school, local and national level takes account of and responds to the unique challenges that present themselves to individuals or groups of learners”.

While the pupil deprivation grant is welcomed, it is linked to those pupils eligible for free school meals and fails to take into account the needs of other pupils who are not eligible but nevertheless face barriers to learning. Again, this funding should be transferred into the RSG to aide more effective targeting of funding to meet the needs of all pupils.

Welsh Government's vision encompasses our ethnic minority pupils who may need English and/or Welsh language support, or face risk of

underachieving for other reasons. It is recognised that some pupils need additional support to embrace fully, the educational opportunities available in Wales yet, funding for this essential support has been cut and could be removed all together after 2019/20.

The decision by the Cabinet Secretary for Education, as part of the 2017/18 budget, to stop the Minority Ethnic Achievement Grant (MEAG) funding not only failed to take into account the priority set out in the national mission, it disregarded other current Welsh Government priorities. For example: 'Prosperity for All; the National Strategy' sets out Welsh Government's vision for Wales as a vibrant, tolerant and welcoming place to live and work, a country which is outward looking and where people of all backgrounds are respected and valued. It states a commitment to continue to work to counter discrimination and ensure opportunities for all. Welsh Government's Community Cohesion plan and it is expected to have four themes:

- Work at a strategic level to build community cohesion and inclusion.
- Work at a local level to break down barriers to inclusion and integration for particular groups and communities.
- Support for migrants, refugees and asylum seekers and settled communities during the integration process.
- Support for communities to prevent and manage community tensions, hostility and extremism.

Again, these themes are directly compatible with the objectives and outcomes of the MEAG funding.

There is inconsistency between Welsh Government's objectives to reduce surplus places on the one hand but at the same time to increase Welsh-medium places beyond identified current demand and the protection of small and rural schools. These policy initiatives require significant additional funding if they are to be realised. Some grant funding has been made available to small rural schools but again, this can only be used in line with prescribed criteria and in any event only totals £2.5 million per annum (£10 million over 4 years) across Wales. To put this in perspective, the Vale of Glamorgan was allocated £57,000 under this grant which has been shared between 5 schools in line with the criteria which restrict how it can be spent. It is difficult to comprehend allocations of this nature at a time when core funding for schools is inadequate.

While capital funding to establish new Welsh medium schools has been made available through the 21st Century Schools funding there has been no corresponding revenue funding for the operation of these schools. In past years, the Vale of Glamorgan Council has sought to rationalise its school estate to reduce surplus capacity and improve efficiency in line with WG requirements. We are now expected to expand Welsh language places and are told that the surplus place requirements that have applied in the past will not apply to Welsh medium schools. This introduces inefficiency into the system. The Vale of Glamorgan plans to limit additional revenue costs where possible by providing new school buildings e.g. 420 places and moving an existing Welsh medium school of 210 places into the new building. This provides additional capacity but removes the need to establish a new school and new staffing structure. This would see the school grow incrementally and take on new staff as and when needed thereby partly mitigating the costs of establishing a new school. However, this approach is not possible in all areas. Although the Education IBA takes into account total numbers of pupils in local authorities there is no allowance made for the inefficiency caused by surplus places. This policy initiative is not funded and will again impact on funding for schools at an individual local authority level. Using the cake analogy, this has the unintended consequence of creating animosity in the schools system towards Welsh medium schools.

The local government funding formula and the weighting given to education and school budgets specifically within the Local Government Settlement

School budgets in Wales have seen a year on year reduction in real terms despite local authority efforts to protect schools from cuts which, with the exception of Social Care, have been largely borne by other services. Many local authorities are allocating funding to education in excess of their individual indicator based assessments (IBA). While it is accepted that the latter is a proxy of the need to spend rather than a target, IBA's are reasonably closely aligned to available funding and patterns of spending. This relative protection for schools has inevitably placed pressure on the funding available for other Council services.

The following table shows the movement in the Education IBA for the Vale of Glamorgan alongside the movement in pupil numbers.

Year	IBA £'000	Movement on previous year £,000	Movement since 2012/13 £'000	Pupil Number Movement
2018/19	96,899	+2,458	+£2,871	+282
2017/18	94,441	-739	+£413	+272
2016/17	95,180	-578	+£1,152	+145
2015/16	95,758	-68	+£1,730	+156
2014/15	95,826	-566	+£1,798	-9
2013/14	96,392	+2,364	+£2,364	
2012/13	94,028			

The 2018/19 IBA is almost as low as funding in 2013/14. In real terms this represents a significant cut after allowing for the cost of inflation and an increase of 846 pupils (excluding sixth form).

The next table shows the actual allocation of funding to education in the Vale of Glamorgan compared to IBA.

	IBA £,000	Budget £,000	Budget less IBA £,000
18/19	96,899	99,885	2,986
17/18	94,441	97,518	3,077
16/17	95,180	96,587	1,407
15/16	95,758	96,128	370
14/15	95,826	96,191	365
13/14	96,392	96,725	333
12/13	94,028	93,049	-979

As can be seen, the Vale of Glamorgan Council has consistently funded above IBA since 2012/13 which has inevitably had an impact on the funding available for other services.

The need to fund education above the indicator based assessment is mirrored in many other local authorities which could suggest that the weighting given to education is insufficient. However, that would be a

simplistic assumption as the most likely explanation is that the overall quantum for local government is insufficient.

The allocation of education funding to local authorities is an issue that the Vale of Glamorgan Council has brought to the attention of Welsh Government over a number of years. In 17/18 the IBA per pupil for the Vale of Glamorgan was £548 below the Welsh average and £1,222 below the highest funded LA. The Vale of Glamorgan receives the lowest amount of funding per pupil in Wales and is significantly behind the next lowest funded.

The Council has worked closely with its Schools Budget Forum in order to understand the disparity in funding across Wales. Clarification has been sought about the formula used by Welsh Government to generate the Indicator Based Assessment for Education. Correspondence with a number of Ministers and Cabinet Secretaries over the past 4 years and recent meetings with local AM's and MP's has failed to identify the factors which result in the guide line cost of educating a pupil in the Vale of Glamorgan being substantially less than the rest of Wales.

Welsh Government has confirmed that the formula is underpinned by four principles; equity, stability; clarity and relevance. However, it has acknowledged that sparsity is based on data in the 1991 Census, the special education formula was last updated in 2006 and the primary and secondary formulae in 2003. Welsh Government has been reluctant to commission a full independent review of the Local Government Standard Spending Assessment formula, placing the responsibility for driving such a review with the 22 local authorities.

We have sought to understand the reason for this substantial variation but have been largely dismissed by Welsh Government with comments such as:

- "We expect local authorities to deliver our shared aim of high quality education for every child and set budgets at a level which gives every school the resources needed to reflect this priority."
- "Spending per pupil reflects the spending decisions that the Council has taken in setting its budgets for schools as part of the overall budget decisions made by the Authority."

Clearly, this fails to acknowledge responsibility for the overall quantum of funding allocated to local government for Education and the subsequent distribution of that funding to individual local authorities.

The relationship, balance and transparency between various sources of schools' funding, including core budgets and hypothecated funding

Local Government has repeatedly called for an end to hypothecation and for funding to be transferred into the Revenue Support Grant (RSG). This would not only ensure that schools receive appropriate levels of core funding but would also eliminate the significant bureaucratic burden that accompanies hypothecation. In spite of this, in recent years we have seen an increase in the number of individual grants for schools being introduced by Welsh Government. These have often been introduced with limited prior notification and with a narrow timeframe for LAs to formulate bids.

Certain grant funding streams have been provided for a number of years resulting in schools' reliance on this funding to deliver the core offer, e.g. Foundation Phase and Pupil Development Grant. This funding needs to be transferred into the RSG. A transfer would remove the associated administrative burden and cost along with the unnecessary delay in schools being notified of their funding allocation. This would not only be more efficient, it would improve the adequacy of core funding and flexibility for schools over how they utilise available funding to deliver key priorities.

Indicative grant allocations are often provided late in the financial planning cycle and sometimes with no projections beyond the next financial year. Together, these issues lead to greater than necessary bureaucracy and administration throughout the system and sometimes result in reactive decision-making, where more flexible allocations and / or earlier warning may lead to better planning and improved outcomes. Schools need longer term funding commitments allowing them to plan improvement over at least a three year period with greater surety on budgets.

The top slicing of funding for new initiatives e.g. small and rural schools, reducing class sizes, school bursars etc. has had the effect of eroding schools' core funding resulting in schools seeking additional funding for the basics and being distracted from their core business by spending a disproportionate amount of time on grant bids, income generation schemes etc. This position cannot be justified.

Certain grants cannot be accessed by all schools which exacerbates the disparity in funding levels between schools both within and between local authorities. For example, significant funding has been top sliced to fund the reduction in class sizes in the primary sector however, the criteria includes a requirement for schools to have class sizes of 29 and to have significant

levels of free school meals. In the Vale of Glamorgan there are only a few primary schools that meet the FSM criterion. Clearly, those local authorities with higher levels of deprivation will have a high number of schools which can benefit from the funding. This would not be an issue if schools received adequate levels of core funding. The same schools also receive very small levels of pupil deprivation grant. As explained above, while the level of free school meals is a reasonable proxy of deprivation, it does not adequately provide for the needs of those pupils not eligible for FSM. This funding should be transferred to the RSG to enable local authorities to allocate it to schools in an equitable manner taking into account local knowledge of the specific needs of our schools.

Lack of transparency over the treatment of funding for Minority Ethnic Achievement, Gypsy Roma and Traveler learners (MEAG) in 2018/19 and continuing uncertainty over the future of this funding is undermining the planning of provision for these vulnerable groups of learners as well as placing large numbers of staff at risk of redundancy.

A reduced level of funding has been restored for 2018/19 through a grant. WG has committed the same level of funding across Wales for 2019/20 but has not yet informed LAs of their allocations. Again, this makes it difficult for LAs to plan services for the year ahead and prolongs uncertainty for staff. WG has requested that regional services are developed but has not guaranteed any funding beyond 2019/20 for regional provision.

The announcement of £14m for schools' building maintenance in March 2017/18, while well intentioned, did little to improve transparency of funding. The source of this funding was not made clear and led to questions being raised about why this funding could not have been secured for the continuity of support for ethnic minority pupils. It became apparent that Welsh Government's intention was to allocate funding directly to schools to assist with their overall funding pressures. This had the unintended consequence of artificially inflating school balances which was unhelpful given Welsh Government's criticism of the level of schools balances in Wales which tends to be used to defend Welsh Government's position on education funding. This position could have been avoided if the funding had instead been allocated to local authorities to use for essential maintenance to school buildings.

There appears to be a growing reluctance to fund schools through the revenue support grant. This is evidenced by growth in the number of grants whether allocated to consortia, schools or local authorities. This reduces the flexibility of local authorities to target resources appropriately to meet

national and local priorities and more importantly, it reduces the core funding available to schools.

This approach is incomprehensible when one considers the priority local authorities have afforded to education in recent years and the increase in the percentage of education funding being delegated to schools.

Too much funding is hypothecated for particular initiatives without the necessary understanding of local context and priorities. It is national government's responsibility to set policy and it should be for local government to decide on how policy can be implemented most effectively and efficiently in partnership with schools. Too many directly funded projects have resulted in resources being used inefficiently with limited impact, e.g. Schools Challenge Cymru. This funding should have been transferred into the Revenue Support Grant to support classroom provision for all pupils.

Welsh Government oversight of how Local Authorities set individual schools' budgets including, for example, the weighting given to factors such as age profile of pupils, deprivation, language of provision, number of pupils with Additional Learning Needs and pre-compulsory age provision

Welsh Government oversight of how Local Authorities (LAs) set individual school budgets includes the review of a range of annual return of various information from LA's, such as the Section 52 Budget Statement. LA's are required to comply with the School Funding Regulations and the contents of their own Financing Schemes and Schools Funding Formulae when producing their annual school budget allocations.

Welsh Government recently requested that local authorities complete a detailed ad-hoc financial return which suggests that the information required could not be extracted from the standard annual returns completed by LAs. The content of the fixed annual returns would benefit from review as well as the consistency and comparability of the information provided by LA's to determine whether a more streamlined, informative method of data collection could be developed.

In the Vale of Glamorgan, we have undertaken a full review of the schools' funding formula with schools. This was a detailed and lengthy piece of work which involved building up each component of the formula from a zero base. The improved clarity and transparency of the formula and the co-construction with schools has improved their understanding of the formula and the funding which is delegated to their schools. Interestingly, schools

now recognise that the education funding coming into the local authority via the RSG is inadequate which has switched their focus from being critical of the local authority to lobbying for a review of the formula for the distribution of education funding across Wales.

This work has been shared with colleagues across Wales via the ADEW Finance Group. Work is also continuing on the development of schools financial benchmarking across Wales. The information derived from WG statistical returns referred to above is limited and it is clear that local government is developing its own approach to monitoring and review which is based on discussion rather than a mechanistic compliance model that does not account for local need and priorities.

The availability and use of comparisons between education funding and school budgets in Wales and other UK nations

It has become increasingly difficult to make meaningful funding comparisons with other UK nations due to the increasing divergence in education systems. Welsh Government needs to focus on establishing the fundamental cost of education within the Welsh education system if it is to fund education and schools appropriately to meet the vision set out in its national mission.