

Schools Budget Consultation - Key Points and Questions from 'Barnet Governors' and the council's response to the questions

Dear Mr Harrison,

Consultation on the Schools Budget – Maintained Schools – 1 November 2018

We are in receipt of the Local Authority's Consultation on the Schools Budget, presented to Headteachers on 1 November 2018.

In parallel with the views and questions below, Headteachers and Chairs of Governors of schools throughout Barnet would like to put on record our acute discomfort and dismay at the approach adopted by the Local Authority (LA) to schools funding in recent years. An approach evidenced in the number, and disastrous impact, of cuts forcibly made to education and schools funding in our Borough. The three cuts to which this latest consultation relates are but the latest of so many which collectively are severe, deep and having an evident and catastrophic impact on the provision of education, teaching and learning in the Borough.

We are all too aware - as the LA itself would acknowledge - that unless the LA reconsiders its approach, these latest cuts will not be the last. That trend cannot be allowed to continue unchallenged and without due consideration at least of a better and collaborative approach.

We owe it our pupils, their families, our teaching staff and our communities to demand it. Barnet Council owes it to the schools within its Borough to find a positive solution.

We call upon the LA to work collaboratively with schools to seek a better way to safeguard and improve the delivery of education and the quality of our schools' provision; a more efficient and self-supporting way of generating the appropriate levels of funding our schools and educational facilities and support networks require. Headteachers and governing bodies want to see a more coherent, collaborative and transparent strategy from the LA for educational and schools funding. For instance, across the estate of schools in the Borough there must exist opportunities to develop facilities, in a variety of ways and involving many different stakeholders, for the benefit of pupils, teachers and communities, in a manner that creates a long lasting, sustainable source of future funding for schools, education and, potentially, other front line services.

On Monday evening, a significant number of governors from across Barnet schools met to discuss the "consultation document". It should be noted that not all governors had received this document either from their Headteachers or from the LA. The discussion was meaningful, and we have highlighted the main points and questions below ahead of the extraordinary meeting on Wednesday 14 November.

Main points arising from Monday's meeting of governors

- A. The process is not a considered consultation since the proposals only allow for yes/no answers and comments have not been invited. The timescale for the consultation is inadequate given the complexity of the subject matter and the considerations involved. Insufficient time has been allowed to ensure sufficient deliberation by full governing bodies. Governors are expected to digest the 35 page document and turn around a response between 14th and 23rd November which is unacceptable.

The timetable is constrained by the council's budget deliberations and a deadline set by the DfE. The council has to find savings of £68m in the next five years and Chief Officers and Lead Members have held a number of meetings over recent months to identify the necessary savings. Once provisional decisions were made, officers

developed the consultation documents in relation to the Schools' Budget. The closing date cannot be any later because the DfE's operational guidance on school funding indicates that, if the Schools Forum does not agree the proposals in relation to ESG funding and the transfer to the High Needs Block, the local authority has until 30 November to submit any request to the Secretary of State to rule in favour of the proposals.

- B. Our schools are more than just education providers; we are caregivers and the wrap around care that will be drastically reduced with these proposals will cost more in the long run.
- C. Governors wish to make clear that we stand side by side with Headteachers, teachers, parents and caregivers and be clear in our communication that schools can take no more hits.
- D. Governors' responsibility is to the children in their schools, not the employees of the LA. Governors recognise the significance of the school improvement (LNI) service and the support it gives to schools. However, the threat to remove this service to schools leaves governors with a choice between keeping an LNI or losing a teacher or TA through rushed restructure. There is no money in the system for schools to execute the day to day, never mind be asked to support the LA's funding shortfall. The LA should be going back to the DfE without hesitation. There is simply no money to give.
- E. Even with drastic restructuring and being extremely conservative with future spend on resources, it is inevitable that most schools will be in the red within three years. This is not good for the children of Barnet and it cannot be allowed to happen.
- F. In addition to drastically reduced budgets, some schools are also facing uncertainty around falling rolls. This has an additional impact on income and seems to have been, at best, misjudged, by the Local Authority, therefore plunging some schools into further debt.

Questions

1. Clearly the consultation document highlights severe concerns. It highlights the pressure being applied by central government and in that regard please explain the LA's policy with respect to lobbying central government and how has that manifested in action? Has the LA lobbied local MP's and Councillors? Where do they stand?

The council's Strategic Director, Children and Young People, has taken a lead role with 'London Councils' in lobbying government on the shortfall in high needs funding. As part of this process, he has taken the lead in collating information on the pressures in children's services budgets across London to present to Government.

2. Why can't you plug your shortfall by asking central government for more money rather than asking cash strapped schools?

See answer to Q1

3. Not all LAs are asking schools to make these contributions. How are those LAs being creative and what lessons can Barnet learn from them?

We know that numerous LAs have had to take similar measures over the last two years, when Barnet has tried to protect schools from the impact of the Education Services Grant reductions. The council has been working hard to identify other ways of achieving the necessary savings. The LA has faced a 50% cut in its budget since 2011 and needs to save another £68m in the next five years. Children's Services has been asked to find £10m of this. The loss of the £2.8m of Education Services Grant makes the position worse, and if the proposal to charge maintained school budgets £1m towards the cost of these services is agreed, along with the proposal to increase de-delegation of school improvement funding to £0.3m, the council will still have to find additional savings of £1.5m.

4. The quality of children's educational experience in Barnet is rapidly reducing because we cannot afford to replenish old books, offer essential interventions, employ experienced teachers, support children who need support but don't have EHCPs. LA support and advice is of course beneficial to us but surely comes second to buying the core people and service you need to operate a school – do you agree?

The council recognises the need to provide adequate funding to schools and understands the financial challenges schools are facing, but it is in a difficult position of having to balance its own budget and regrets that it can no longer protect school budgets as it has done in the last few years.

5. Other than the Council running at a deficit, who and what is driving these cuts to service provision – the Local Authority? Cambridge Education? Central government? The DfE?

There are three principal drivers:

- The removal of £2.8m of Education Services Grant, which funded statutory services for maintained schools.
- The possible ending of the £339,000 School Improvement Grant, which funds the school improvement (LNI) service for maintained schools.
- The significant budgetary pressures caused by demographic growth, the increasing complexity of needs and the impact of the government's SEN reforms (in particular extending funding for pupils with special educational needs from 0 to 18 year olds to 0 to 25 year olds). There is an overall shortfall in the High Needs Block nationally. Across 27 London Boroughs there is an overall overspend on High Needs budgets of £55.7 million. These pressures have impacted on Barnet's High Needs budget this year, which is now forecasting an overspend of over £1m.

6. Why hasn't the LA actively engaged with school leaders and parents for a creative and sustainable solution to the funding crisis? There are plenty of school leaders who have creative ideas about how this can be done and would be happy to work with the LA to find a solution.

The council organises regular meetings with headteachers and Chairs and Vice-chairs of Governing Bodies. All schools are represented by headteachers and governors who sit on the Schools Forum, which has oversight of the overall Schools' Budget.

7. What steps has the LA taken to review and release school property and generate income from its estates to facilitate funding that would strengthen and enhance our Borough's education provision and mitigate such action as set out in this consultation? If such steps have been taken please quantify them. If these steps have not been taken, why not and when will they be taken?

The council has worked with a number of schools to identify ways of making the best use of the land and buildings, in particular where additional capital is required to fund improvements or new facilities.

8. What strategy does the LA have in place for education for the next 5-10 years to maintain Barnet as the 'go to' Borough for outstanding schooling, which benefits all stakeholders in the Borough? How do the tactics set out in this consultation fit into such a strategy?

The council published an Education Strategy for 2017-20 last year and keeps it under review, working in partnership with headteachers. Clearly financial constraints make the achievement of the objectives in the strategy more challenging.

9. What is the LA doing to reduce the cost of its services rather than simply passing on the costs to schools?

The LA has faced a 50% cut in its budget and needs to save another £68m in the next five years. Children's Services has been asked to find £10m of this. The loss of the £2.8m of Education Services Grant makes the position worse, and if the proposal to charge maintained school budgets £1m towards the cost of these services is agreed, along with the proposal to increase de-delegation of school improvement funding to £0.3m, the council will still have to find additional savings of £1.5m.

10. The consultation is short on costings. What for example is the cost of the school improvement (LNI) service and how does this relate to the detail within the document? More detail is required on why this money is needed. How has it come to this?

The school improvement (LNI) service costs approximately £450,000 a year. Currently this is funded through a school improvement grant of £339,000 and dedelegation of £101,000. The DfE has not confirmed that the SI grant will continue beyond the current school year, thus leaving a shortfall.

11. If the vote is "yes" can you demonstrate that schools will get benefit from the Borough equivalent to the amount they are being asked to contribute?

If the proposals are supported:

- The council has no choice about maintaining statutory services, so if proposal 1 is agreed, the LA can avoid cuts to other essential frontline children's services (on top of the £10m that has to be found already).
- Proposal 2 means the school improvement (LNI) service can be retained in its present form.
- Proposal 3 is about reducing funding for allocation through the school funding formula and transferring it to SEN spending on schools. If it is agreed, then cuts of £1.2m in SEN spending can be avoided.

12. Which SEN services will remain if the proposal is refused?

If the transfer of the 0.5% from the schools block is not agreed, then there will need to be savings in SEN spending – e.g. in top-up payments and specialist SEN services to schools.

13. How are the figures in the appendix calculated? In relation to the high needs block contribution, the share for some schools amounts to over 0.9% of their allocation whereas others are as low as 0.1% or 0%?

If the transfer of 0.5% from the schools block to the High Needs block is agreed, the £1.26m has to be taken from the overall school block before the formula funding distribution, not as a 0.5% deduction at school level. As a consequence, the Minimum Funding Guarantee (maximum loss per pupil) and the associated cap on gains means that the 0.5% is not evenly distributed at school level. The calculations in the appendices are as a result of applying the National Funding Formula factors after the deduction of the 0.5% transfer, but with MFG protection factored in where schools trigger this.

14. When schools were asked to vote for the transitional arrangements for the national funding formula, did the LA know that this potential loss of funds from school budgets to the High Needs Block was coming? It feels that the LA is taking advantage of the transitional arrangements in order to claw money back from schools - if we were receiving all funds direct from the DfE, the LA could not ask schools to contribute.

No – the LA was not able to anticipate that SEND demands would increase at the rate they have. The DfE determined that there would be transitional arrangements,

which have now been extended to 2020-21, whereby local authorities may continue to determine a local schools funding formula and may propose transfers between funding blocks.

15. The consultation document says at the bottom of p3 that there was an underspend in the schools budget in previous years, which helped to create reserves that were used for growth funding for new and expanding schools. How big was the underspend and where was it spent? That underspending would otherwise be available now to deal with the current High Needs Block shortfall. So, shouldn't the schools that had the benefit of that underspending be contributing more to this current funding shortfall in the High Needs Block?

Underspending in previous years was largely the result of concerted efforts to reduce dependency on expensive out-borough placements for pupils with SEND. This led to end of year DSG balances of up to £4m. All the unspent DSG money has been carried forward to the following year. Most of it has been used to fund 'school growth'. This is the funding that is paid to new and expanding schools to cover their 'growth' costs – the cost of expansion before the 'lagged' pupil funding brings their budget up to the level for their size of school. It includes payments to schools that have operated 'bulge' classes commissioned by the council. Over the last two years, carried forward reserves have been used increasingly to address pressures in the High Needs budget.

16. Are you advising schools to support your proposals if doing so means they will go into a deficit budget? How many schools will go into deficit as a result of these changes?

We are recommending support for the proposals for the reasons set out in the consultation document. The council accepts that the current financial challenges may put more schools at risk of going into deficit and that they will therefore need to put in place recovery plans.

17. If schools can't support proposal two – school improvement (LNI) service, what is your contingency plan for ensuring your maintained schools continue to perform well?

As set out in the consultation document (page 11), if the proposal is not agreed, the service would have to move to a fully traded basis for all except the core functions listed by the DfE. The paper sets out the potential pitfalls of going down this route (page 12).

18. Should schools already in deficit, or predicted deficit within the next three years, be exempt?

The DfE's Operational Guidance on School Funding does not allow this.

19. The LA has selected these 3 options for this year's consultation. What will schools be asked to contribute next year and the years after that?

It is not possible to answer this question at the moment, as it depends on several factors, and in particular the levels of DSG funding agreed by the government for the schools block, the High Needs block and in respect of school improvement functions. Current DfE guidance indicates that the council would need to consult the Schools Forum on the proposals each year, if the council needs and wants to continue with them beyond 2019-20.

20. The School's Forum can vote against the decision of the majority of schools in the Borough. Barnet governors strongly suggest that the School's Forum takes in to account this open letter and consider the responses to the open questions raised. Governors also acknowledge the petition circulating on Change.ORG and request that the schools forum note this petition also.

This letter and the council's response will be attached to the report to the Schools Forum at its meeting on 27th November, along with comments submitted by the Primary and Secondary Headteachers' Forums. The Forum will also be alerted to the petition.

Due to the time constraints caused by the short consultation, these questions are in raw form. However, together with the main points arising from discussions with a significant group of governors on Monday evening, they give a flavour of the extremely worrying concerns.

The Local Authority must decide what it wants. Does it want outstanding schools delivering the best education to the Borough's children? If that is the expectation of schools then, as professionals, Barnet governors expect the Local Authority to engage them in professional dialogue to seek solutions to the challenges ahead. This consultation paper represents a betrayal of the time, commitment and professionalism of governors - volunteers who tirelessly strive for educational excellence.

This is our call on the Local Authority. We undertake to work collaboratively with the Borough to develop and support a better approach. But the initiative must start with and come from the Borough itself. The Borough needs to lead the way and champion all local and national stakeholders. Current policy and approaches are not working; the Local Authority's approach to education provision cannot continue in this vein. A change of mindset is urgently required.

We look forward to receiving your response and look forward to a positive dialogue.

Barnet Governors