

CHILDREN AND EDUCATION SCRUTINY COMMITTEE	AGENDA ITEM No. 7
18 JULY 2019	PUBLIC REPORT

Report of:	Wendi Ogle Welbourn, Executive Director, People and Communities	
Cabinet Member(s) responsible:	Cabinet Member for Children’s Services, Education, Skills and the University	
Contact Officer(s):	Jonathan Lewis – Service Director (Education)	Tel. 01223 507165

FUNDING CUTS AND IMPACT ON SCHOOLS – FEEDBACK FROM SCHOOL LEADERS

R E C O M M E N D A T I O N S	
FROM: Jonathan Lewis – Service Director (Education)	Deadline date: N/A
<p>It is recommended that the Children and Education Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Support Officers and the Cabinet Member in highlighting to Central Government the ongoing challenge Peterborough schools are facing in relation to schools funding. 	

1. ORIGIN OF REPORT

1.1 This report has been written by the Service Director (Education) following a request at the Children and Education Scrutiny agenda planning to understand the current financial pressures being experienced by Peterborough Schools.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is offered to the Committee to outline the recent funding survey undertaken by the Service Director for Education to establish the real impact on cuts in national funding and the impact it is having on children and young people in the City.

2.2 This report is for the Children and Education Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council :

Education, including

- a) University and Higher Education;
- b) Youth Service;
- c) Careers; and
- d) Special Needs and Inclusion.

2.3 This report links to –

- Corporate Priority: Improve educational attainment and skills
- Children in Care Pledge: Support children in care to have a good education.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	-----

4. BACKGROUND AND KEY ISSUES

4.1 Funding for schools has been a headline issue in recent years as the pressures upon austerity and funding not keeping pace with cost pressures. They key challenges that have been faced include -

- Both pension and pay awards have not been fully funded and schools have had uncertainty over what funding they will be receiving.
- Impact of austerity - the reduction in support services across local authority services, health and the voluntary sector have meant schools are providing more support than ever especially around pastoral areas.
- No allowance has been made for inflation in schools funding since the introduction of the Dedicated School Grant.
- Incremental drift in salaries as we face a teacher shortage and demand exceeding supply.
- Accountability framework demands more support and a constantly rising bar.

4.2 The challenge of schools funding has been significant. The total education (Schools and Early Years) was £43.5 billion in 2019-20 (the highest cash spend ever) and this represented 5.2% of total public spending. Education has seen significant investment over an extended period but in later years cost pressures have eroded these increases. Primary and secondary school spending increased by over 50 per cent between 2000-01 and 2009-10. However, spending per pupil, including 6th forms, fell by 8 per cent in real terms between 2009-10 and 2016-17.

4.3 Total spending on children's services doubled in real terms over the 2000s, growing from around £4.8 billion in 2000-01 to £9.7 billion in 2009-10. But it fell in real terms by about 11% between 2009-10 and 2017-18. If this pace of cuts continues to 2019-20, it would lead to a total fall in real terms of 14% over the decade. This means schools are now receiving less support than in previous years.

4.5 Nationally, the pressures on school are starting to show. The proportion of maintained secondary schools nationally with a deficit balance has trebled over the last three years, now just over a quarter of schools. There has also been an increase in primary schools in deficit.

Around 60 per cent of schools are spending more than their income, and it is estimated that around half will not receive sufficient additional funding to meet 1 per cent element of pay award over the next two years. Pupil numbers have increased by 10 per cent since 2010 while teacher numbers have been steady. Nationally the pupil teacher ratio has risen from 15.5 to around 17. In Peterborough this figure has risen from 17 to 18 to 1 teacher. Pay pressures are also significant.

4.6 From 2015 to 2018, the average pay of staff has changed as follows (information supplied by F40) –

	Teaching Assistant Salary	Mainscale Teacher (M4)	Upper Pay Scale Teacher	Headteacher (L25)
Sep 2015	16,559	27,927	35,218	69,652
Sep 2016	17,129	28,207	35,571	70,349
Sep 2017	17,435	28,772	35,927	71,053
Sep 2018	18,354	29,780	36,646	72,119
PAY	10.8%	6.6%	4.1%	3.5%

4.7 In terms of on-goings (i.e. the additional costs involved with employing staff), the following applies

% addition to pay	Non Teaching Staff			Teaching Staff		
	NI - avg for pay value	Pension	TOTAL Non Teaching	NI - avg for pay value	Pension	TOTAL Teaching
Sep 2015	7.06%	20.71%	27.77%	10.63%	14.10%	24.73%
Sep 2016	7.29%	19.92%	27.21%	10.66%	16.48%	27.14%
Sep 2017	7.32%	21.53%	28.85 %	10.66%	16.48%	27.14%
Sep 2018	7.45%	22.49%	29.94%	10.62%	16.48%	27.10%
ON-COSTS	5.44%	8.59%	7.79%	-0.13%	16.88%	9.57%

4.8 In November 2018, F40 (representative group of the 40 lowest funded authorities) outlined that there was a £3.5bn gap in funding for both schools and the LA (through the high needs block to support children with SEND).

4.9 Peterborough receives a grant for education called the Dedicated Schools Grant. The composition of this funding is shown in the table below -

DSG Block	2019-20 Indicative Allocation £m
Schools Block	161.33
High Needs Block	28.86
Central Services Schools Block	1.48
Early Years Block	12.5
Total Funding	204.17

4.10 Whilst the national narrative is very much a focus on ‘not enough money’, there was a need to identify at a school level what these challenges mean and provide a Peterborough context. As a result, the Service Director for Education undertook a survey of schools to provide some anecdotal evidence on the funding pressures. To date, 45 responses have been received from the 79 educational establishments in the city. This information will help inform a letter to be sent from the Cabinet Member with lead for Education to the Secretary of State for Education. This proposal has been discussed at Full Council. An extract of the responses to the questions posed in this survey are shown below -

Question 1 - Can you please give an effective example of how you have delivered an efficiency in your school that has led to a financial saving?

4.11 The government has had a clear focus on schools being more efficient with their resources and therefore for the purpose of sharing with other schools in the city, we wanted to capture the best practice.

School Responses (grouped) -

Procurement / Premises

- *Procurement and frequent monitoring of SLAs/ contracts: energy, cleaning contracts, grounds maintenance. Schools have also undertaken maintenance in-house, or tendering for our own contractors.*
- *Self' insuring for maternity instead of getting external insurance*
- *Reducing kitchen staff and admin by switching to on-line pre-booking of meals and introduction of easy fold tables.*

- *External provision of staff uniforms*
- *External provision of payroll*
- *We share a mower with another local school.*
- *We may periodically re-launch or reinforce messages around prudence, responsible procurement and financial constraint, for several years now we have been 'good housekeeping' our financial situation; a mindset adopted by all staff, not just those directly employed to lead and administer finance.*
- *Investing in lightweight minibuses to reduce lease costs and replace costly D1 training with in-house delivered MiDAS training*
- *Working as part of a trust has enabled cost reduction, sharing of resources and support professional development.*
- *Rationalising the printing fleet on two occasions, extending lease agreements on reduced payments temporarily, and agreeing through national frameworks deals at Multi Academy Trust level*
- *Using Crown frameworks to secure discount pricing for utilities*
- *Driving value from the PFI contract in terms of managing the relationship to deliver exceptional value from lifecycle work*
- *Bought in new desktop PCs from registered provider which has allowed a trade in of 'old' PCs making a significant saving on the purchase price of new machines.*
- *Full review of historical spending and benchmarking against other schools to review spend*

External Funding

- *We applied for secured funding for solar panels from British Gas. The panels installed four years ago generate free electricity and save around £7k per annum.*
- *Increasing volume and frequency of lettings*
- *Renegotiating tenancy agreement for nursery on terms more favourable to the Local Governing Body.*
- *Accessing a lottery grant to fund new playground equipment, which was much needed.*

Staff

- *We use ongoing internal CPD to support teachers to provide quality first teaching, reducing the need for additional interventions and the need for additional TA support outside of the classroom.*
- *We use Teaching Assistants to cover Planning, Preparation and Assessment PPA time.*
- *Training for HLTAs so that they can cover PPA/ Supply needs*
- *Replacing retiring support staff with apprentices.*
- *We use non salaried trainee teachers to support adult pupil ratios and help develop a consistent quality of teaching across the school for the future.*
- *Support staff restructure*
- *Not automatically replacing staff when they leave, looking at alternative structures.*
- *Using specialist staff to teach PE and Performing Arts along with a tight timetable for PPA cover.*
- *Reduced leadership team despite increased numbers.*
- *The 'best' way of delivering efficiencies within the school that leads to a financial saving is to cut the staff numbers.*
- *As Headteacher I have taught classes where the teacher is absent to avoid supply costs - this historically has been for approximately a term*
- *Use of apprentices to provide additional adult support and to cover staff roles in school.*

Support for Pupils

- *Establishment of an In house Young People Centre to reduce alternative provision costs / improve behaviour*
- *Successful applications for Education Health and Care Plans (EHCP).*
- *Offering to accept a bulge year to bring in more funding.*

- *Not revealing the capitation given to each subject/faculty area. Each area is told that they have approximately a similar budget to the previous year. It has stopped subject areas spending unnecessarily as we move towards the end of the financial year.*
- *Efficient curriculum planning to make sure we are not employing more teachers than we absolutely need. We have had to reduce options at KS4 because we can not afford to run small group sizes. This has led to savings on the staffing budget.*

Teaching and Learning

- *We have created a staffing structure that is as lean as it can be without harming the curriculum. However, we have still had to merge A Level classes or not run certain small subjects. Working across the Trust we have been able to 'share' staff.*
- *Reducing the CPD budget, on two occasions*
- *Reducing rates of pay for Saturday Schools and Revision booster classes*

Question 2 - Can you give an example where as a result of the financial position of your school, you have had to make a cut or a saving which has significantly impacted upon children or staff?

4.12 We asked this question to get a real understanding of the pressure at a school and individual child level in Peterborough.

School Responses -

- *We are currently going through the redundancy process. The shortfall in money has been impacted due to rises in wages and pensions for both support staff and teachers. This means that we are having to re-allocate any support we have. This means that we have less focus groups taking place which are filling gaps in knowledge and helping learning progression for the children.*
- *Unable to cover Teaching Assistant (TA) absence as we don't insure TAs. We have had 106 hours/week TA absence and virtually no funds available to provide cover. We don't usually insure TAs as we never have this level of absence and can usually cover internally. Massive impact on Y2 and Y6 provision in an end of Key Stage assessment year.*
- *Staff are overworked and regularly go without breaks; the amount of support staff in class and to deliver interventions has reduced; paid for staff training has been virtually eliminated; capacity for release time, monitoring and school improvement has been extremely restricted. These were all significant factors in our recent Ofsted Judgement dropping from Outstanding to Requires Improvement.*
- *Larger class sizes at KS3 and KS5*
- *As a teaching assistant has left - we have been unable to financially replace this role - impacting negatively on provision for speech and language and supporting children with needs - including those medical.*
- *It is nigh on impossible to achieve the involvement of occupational therapy in school. All other services are also being cut. CAMHS is especially difficult to access, when mental health needs are a national priority. Budgets are extremely tight, so that the support of Teaching Assistants is becoming increasingly difficult to fund.*
- *An HLTA (Higher Level Teaching Assistant) moved onto a new post and we have not replaced the post due to cost savings. As a result, the head and the deputy do more cover as we no longer have an HLTA.*
- *Reducing the number of teachers in EYFS (Early Years Foundation Stage) has reduced the amount of adult support that children get to help develop skills especially early language development.*

- *Reducing additional teaching support from specialist teachers in drama and oracy development has reduced the rate and level to which children can develop their communication skills.*
- *We can't afford supply costs to release teachers to learn from each other through collaborative working or external courses.*
- *We have cut back in all available budget areas which means that resources are highly limited. This includes practical resources, visits and trips are limited as subsidies have been removed.*
- *Teacher welfare is suffering because of increased demands on them, which could be easily alleviated if more money were available to employ more teachers and therefore share the increased workload of current high expectations of all round outcomes for children."*
- *Less money for curriculum resources including updated ICT equipment- all having direct impact on learning*
- *Disbanding of the KS2 Cookery Project, to free up designated TA and project leader to support SEND pupils in class.*
- *The reduction in TAs over the last few years places additional workload and stress on teachers and TAs. Children who would previously have had additional support despite not having an EHCP are not always able to get it.*
- *We are now operating with very large bottom sets and no scope for intervention*
- *Cut trips that act to reward achievement, good behaviour, high aspirations and demonstrating a commitment to our schools values.*
- *Due to being unable to afford an additional teacher, our class sizes in a year group have had to increase significantly. We have also reduced the number of TAs who are supporting core learning for all children, as some are now allocated to 1:1 children with specific additional needs, rather than making new appointments.*
- *In order to balance the school budget in 16/17 and 17/18 classroom support staff were made redundant. This meant that support had to be targeted to the most in need but left some classes who did need it without support.*
- *Until recently we have paid for the YMCA to offer weekly counselling/play therapy sessions to some of the children. The annual cost of this service is something that we are no longer able to support as our budget has become tighter and tighter. This much-needed service has supported countless families over the last 5 years and I was devastated when we were left with little option but to stop offering this.*
- *We have protected opportunities for children so far. In this coming financial year, however, we are having to substantially reduce curriculum spend and subsidies to visits and curriculum opportunities. Parents are having to pay more, or trips, performances and sporting events will have to be cut. In a context where the majority of our families live in official poverty, this calls for increasingly creative thinking on our part.*
- *Having to make a number of staff (non-teaching) and Leadership members (10 in total) redundant in 2017 to balance the budget due to incremental rise of PFI as a percentage of overall income received. In 2007 PFI was to not consume more than 12.5% of the budget. Today it stands at 16% and rising.*
- *We have not renewed our subscription to Achievement for All which we have used for the last 5 years to support many children and families.*

- *An extension to the dining hall is urgently required as it is not large enough for the student numbers. This has not taken place resulting in two lunch breaks and lunch being served at break times.*
- *Unable to fund the IT infrastructure to deliver a good computing curriculum.*
- *We have had to cut certain subjects (i.e. Dance) from the curriculum. In other subjects (e.g. MFL – Modern Foreign Languages) we have had to combine groups to make one large group from two smaller ones. This is not conducive to students achieving their best results because GCSEs are often differentiated with higher and lower tiers. Teaching students entered for both tiers in the same group is very difficult.*
- *Due to the above efficiencies gained we have not been in a position where staff or pupils have suffered, however we currently under protection from changes to the National Funding Formula and teacher pay grant. When these mechanisms cease this may put us in a different position.*
- *Having to put the Reading Recovery teacher back into class.*
- *Only able to offer temp contracts to occupational therapist as funding unpredictable.*
- *Essential building alterations have had to be put on hold-making classroom sizes inadequate for many groups and in some posing a risk to H&S.*

Question 3 - The pressure on SEND funding remains challenging. There is an expectation on schools to fund the first £6,000 of an Education Health and Care Plan from within your notional SEND budget. What impact does funding the first £6k of each EHCP have on your overall budget and the decisions you make about support for all children (including SEND) in your school?

4.13 Funding for pupils for SEND come from three different sources –

1. Per pupil funding generated by each pupil (sometimes known as AWPU – age weighted pupil unit). This is around £4k per year.
2. The national SEND budget (a calculated proportion of the school budget across all the aspects of the funding formula). Schools are required to fund around £6k per pupil with the needs that support an Education Health and Care Plan (and this question refers to the pressure on this budget).
3. Top up funding from the LA which is identified in the child's EHCP.

School Responses -

- *This is huge for our school. A few years ago we had 0 EHCPs in school. We are now at 7 (at time of writing) which equates to 42k of funding that we didn't have to find previously. In our current situation this could be the difference between a teacher keeping their post due to cost or not. Due to current budgeting restraints this has to be found from current staffing.*
- *Fortunately, the children we have with EHCPs (2 in total) are not significantly high need although their own needs are severe and complex. Therefore we have not need to provide 1:1 provision for much of the time and have found other ways to support. Should we have additional children who need significant 1:1 support I am not sure where the money would come from? Given the issues above with TA absence we would not have been able to provide for SEN as legally required to do - not enough people and not enough money.*
- *This has a massive impact, particularly in a small school, we endeavour to meet the needs of children but this does mean that support is taken from other areas to meet individual needs. The delay in getting any funding for children with extreme needs is also a big factor - we have to put support in, often to keep children safe but this is not then backdated,*

- *We understand that the 'notional' figure was defined before the funding cuts were introduced. We, like many other schools, are finding it very difficult indeed to ring fence this money. In better years, we spent more than the £6000 notional figure but not any longer.*
- *The fact that we have 3 children with EHCP in a Year 6 cohort of 30 means that we are not able to support the other 27 children as we would like to.*
- *This is a huge pressure on schools. As a school we have a high level of need, and some children have complex and challenging needs. School needs further funding in order to be able to meet needs.*
- *We have 5 EHCPs, so the cost of meeting the first £6k is £30k. As an Infant school, we have few children coming in with EHCPs in place already, so have an additional 6 children who have some 1:1 support for SEND as we are in the process of collecting evidence and making applications.*
- *When you have 8 EHCPs in a school that's £48,000 of your budget gone and limits funding available to support SEN pupils who do not have an EHCP.*
- *Whilst we currently have only 2 EHCP pupils in school, each requires full-time support on a 1:1 basis and funding does not come close to meeting their needs without significant investment from the school.*
- *Additionally, we have had and indeed continue to have an increasing number of children requiring additional support in school pre-EHCP, for whom no funding is in place until a lengthy application and assessment process has been completed. This, in recent years, has meant withdrawing TAs from other supporting roles in school to support children who are not yet in receipt of additional high needs funding.*
- *It all adds to the reduction in additional support staff across the school which then impacts on children and the amount of support they get.*
- *Inevitably we will think very hard before applying for EHCPs which may result in students not receiving the support they need. With the expected increase in pension contributions and salary increase which are likely to be unfunded, we cannot see where this funding will come from"*
- *This has a huge impact. The school has a wide reputation for accepting and supporting children with additional needs. This principal is unfair given that not all schools have such a commitment. SEND children bring much to school life but why are schools such as ours penalised for attracting larger numbers of more profoundly needy children into a mainstream school.*
- *This has an enormous impact. Staff salaries e.g. 1:1 Teaching Assistants, are not covered by EHCP monies + 6K. Typically for each child with an EHCP for a child that needs 1:1 support, the school has to find between £3500 - £4000 on top of the 6K and EHCP money. On top of this there are then the additional costs for equipment for a child e.g. wheelchairs, hoists, personal hygiene equipment.*
- *We have to fund the first £6,000 of provision for all students with SEND – in our school this is equivalent to approximately £750000, which far exceeds any notional SEND budget. This puts immense pressure on resources and is compounded by the fact that almost 50% of our EHCPs are allocated no additional funding by the LA, meaning that the school in effect is funding entire EHCPs. This means that many students who are categorised as SEN support are not getting the support in class that they need and deserve and we are less able to provide early intervention, which is always the most cost-effective approach.*
- *It is harder to afford staff to support these children, but we have started to employ care*

assistants who work on a timetable across the school giving care support for medical needs. This allows TAs to stay in class.

- *As we are a school with higher than national SEND this places a significant pressure on supporting all SEND children. This is becoming even more challenging when the school is being recommended to families with SEND children, as our good practice is recognised by the SEND department and Parent Support Office. When we have a new EHCP child enter school, to whom we would not say NO to, support has to be found from a non-existing budget.*
- *The impact of SEND funding and the funding process has been extremely challenging this year. We have had three high needs children in our EYFS class none of which receive any additional funding nor came with an EHC plan. In order to support these three children and maintain high-quality education for the other 27, we had to appoint 2 extra adults beyond what our typical EYFS class would have. This has come at a great financial cost.*
- *We have a further 3 children with EHCPs for full hours and do not feel this is reflected in the notional SEN budget, particularly when a new child starts who needs support but has not yet been assessed for an EHCP. We do not allow financial difficulties prevent us from offering support where there is a need though.*
- *Takes away money for children on SEN support - majority of our money goes to high need children.*
- *We will reduce the core offer to all students due to the £6,000 cost exceeding the core funding per pupil meaning that the difference is subsidised from the school budget, which clearly has an impact on the offer to all children.*
- *The children with EHCPs get the support that they need. However the cost of this support means that other children do not get adequate support or resources.*
- *There is an impact on the senior leaders when there are issues arising from these children's needs. Our school tend to pick up children with special needs that are possibly out of catchment due to us not being at full capacity. This stretches existing resources and the additional requirements for the academy to fund the first £6000 per child.*
- *We have a number of TAs who were employed to support children with statements/ EHCPs in the past and have remained on payroll. SEND funding used to cover their costs. Now we use existing staff to meet EHCP recommendations rather than employ someone new to provide 1:1 support etc. The decrease in support staff has a negative impact on support/ intervention for children without an EHCP, but with other SEND/ behaviour issues, new arrival with no English etc.*
- *The amount is not enough. £6k from the budget for each EHCP is huge and doesn't even scratch the surface of what is needed. The danger is that children don't get identified or don't get identified as quickly for EHCPs as there is no guarantee that the school can afford it or make it work properly.*
- *We have an increasing number of pupils with EHCP and further pupils on the pathway. Funding this first £6k means that pupils who have SEN concerns or who are making slower progress are having limited additional support or intervention as we cannot provide additional staff to implement interventions. We also have an increasing number of pupils entering the school with Speech, language and communication difficulties of which we use a large proportion of our learning support to implement speech programmes. Although these learning assistants are trained to follow the programmes, other interventions and ones for pupils who do not have SALT programmes are limited due to staffing constraints and time.*

Question 4 - Can you quantify for your school the financial shortfall of the governments approach to funding for the pay award for 2018/19?

- 4.14 There was a huge variety of response in this area with the impact being in the region in excess of £20k in a number of schools. Clearly the shortfall in funding for this requirement has impacted upon children. The Dedicated Schools Grant has taken no account of pay settlements for support staff or any pension uplift to this group.

5. CONSULTATION

- 5.1 The information given in the report has been collected from schools across Peterborough. A similar exercise is currently underway with Early Years providers to establish the challenges they face (likely to come from changes in the minimum wage).

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 This information has been collected to enable a response to be sent to the Secretary of State for Education on the unique pressures we face on funding, in a context of trying to improve educational outcomes.

7. REASON FOR THE RECOMMENDATION

- 7.1 Not applicable.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 None

9. IMPLICATIONS

Financial Implications

- 9.1 The impact of lack of funding could have a significant impact upon the City Council as any redundancy cost in a maintained school may require funding if the school is not in a position to meet these costs.

Legal Implications

- 9.2 None

Equalities Implications

- 9.3 None

Rural Implications

- 9.4 In line with all other schools in the city – the impact may be disproportionate though due to the relative size of rural schools which are on the whole smaller than in the city. This may lead to more decision making around mixed year group education.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 None

11. APPENDICES

- 11.1 None.