

Scaife Finance & Business Solutions Ltd

Cost of Provision Review –
Slough Borough Council and Slough Schools Forum

Version 3
November 23, 2015

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Introduction

The original commission developed between Slough Borough Council (Council) and Slough Schools Forum (Forum) was to review how schools prioritise their resources and those costs that are common to all, regardless of size and status, and those that flex dependent upon context. A key element of the review was to understand the local funding formula and how this supports the learning aspirations of the schools and Schools Forum.

Equally the Council and Forum also wanted the review to inform the National Funding Formula Review being undertaken by the Department for Education (DFE).

Methodology

It was agreed at the commencement of the review that the following methodology would be adopted:-

- Initial data capture from all schools/academies in Slough;
- Outcomes from the data capture would be supplemented by a series of visits;
- Contact would be made with LG Futures, the DFE's appointed contractor, for the review of the National Funding Formula;
- This would then culminate in a draft report to the Council and Forum.

The initial data capture exercise commenced in July 2015 and was targeted at all schools and academies in Slough. This produced a minimal response and therefore the timeline for submission was initially extended until the end of August 2015. At this point the level of responses was still low and it was agreed to extend the date for submission further.

To stimulate further responses a simplified data capture sheet was circulated; this was supported by an agenda item at the Primary Headteachers' meeting. This generated minimal additional responses.

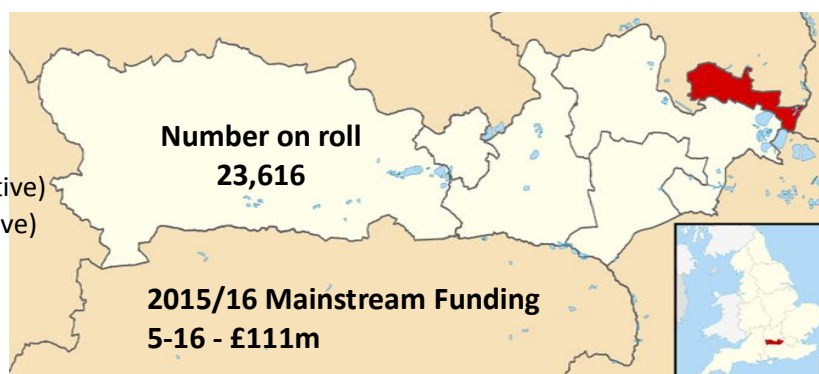
An initial findings presentation was made to the Schools Forum which highlighted the minimal responses and fragility of basing funding decisions on the limited feedback received. Following this meeting the provision of information accelerated.

Primary School Provision

- 13 maintained
- 16 academies

Secondary School Provision

- 4 maintained (1 selective)
- 9 academies (3 selective)

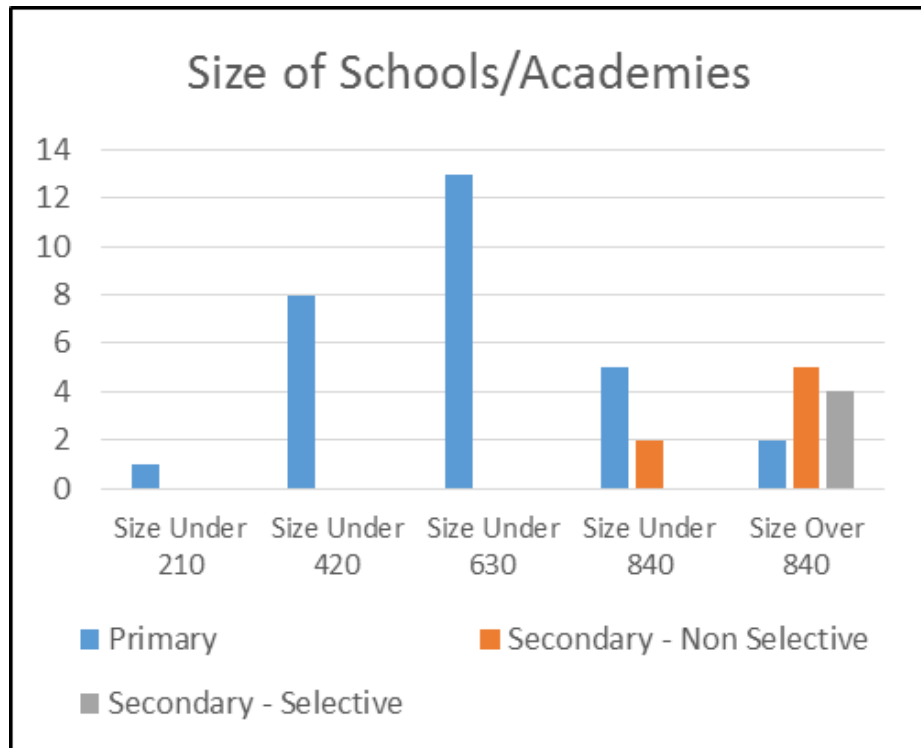


Data Capture

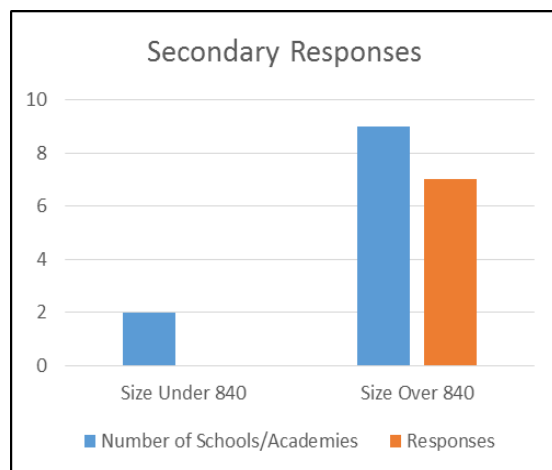
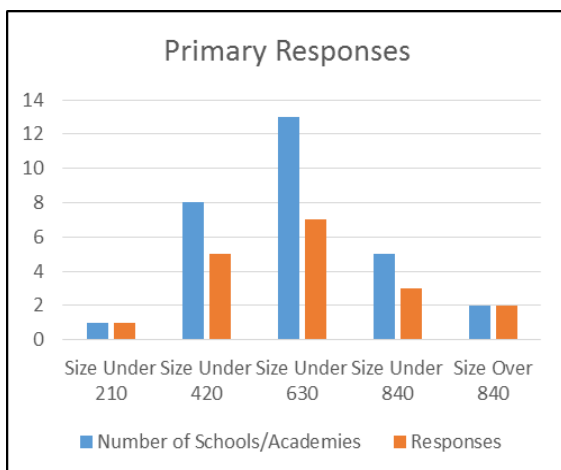
The composition and size of school provision in Slough is diverse. Initially all schools were grouped based on size into one of five categories. The following table shows the profile of schools and academies in Slough. Overall 40 schools were reviewed, two new schools were excluded as only two year groups existed.

Primary provision (29 schools and academies) in Slough fell into each size bracket.

Secondary provision (11 schools and academies) only fell into the top two size brackets.



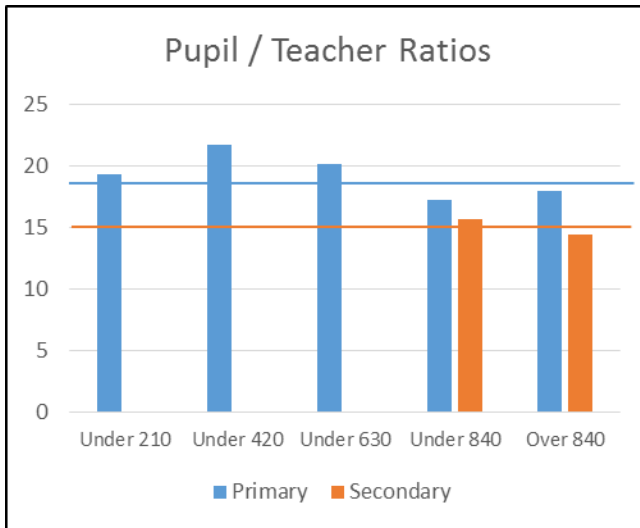
Of the 40 schools and academies the following response rates were received in each sector:-



The level of responses received totalled 25 and was split 18 (62%) primary and 7 (64%) secondary. These responses were a mixture of full responses and the simplified responses.

The following information is based on the submitted data provided by schools; this has not been externally validated for accuracy. It has been assumed that the 25 school submissions received provide a representative sample of all schools within Slough. Equally there are likely to be inconsistencies in the way that individual schools have categorised their spend in particular areas.

The amount spent on staffing is critical to the financial sustainability of all schools and academies. The following section compares key staffing indicators which help to build a view about the level of investment in staffing. Most schools/academies have fairly predictable pupil numbers which enables them to forecast the level of staff resources required, although this is not the case in some schools within Slough.



Pupil teacher ratios (pupil numbers divided by the number of leadership and teaching staff) were captured for all sizes of schools and an average produced.

The horizontal blue line is the average for all Slough Primary Schools/Academies, 19:1 the national benchmark being 21:1*

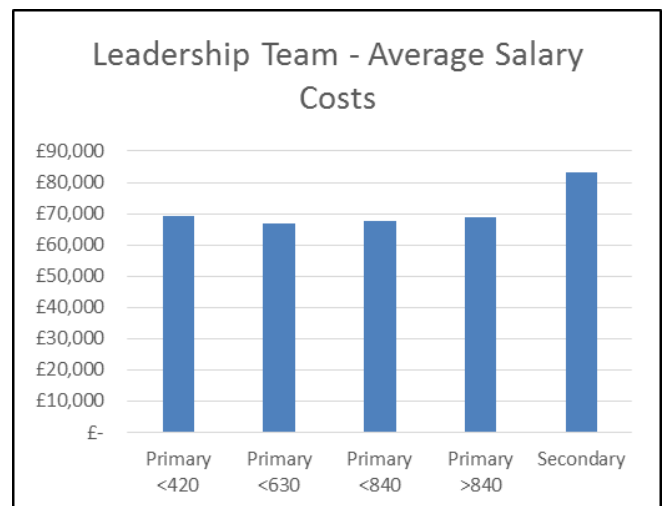
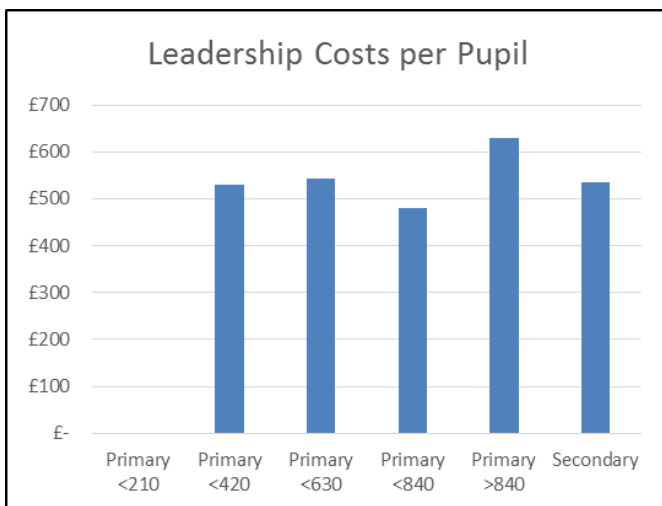
The horizontal orange line is the average for all Slough Secondary Schools/Academies, 15:1 the national benchmark being 15:1.

* The national benchmark is taken from the 2014 School Census and Workforce Census.

The pupil teacher ratios vary between the different sizes of school; the reason for the variances is not clear. One possible variable affecting these ratios will be the level of pupil premium funding that the school receive.

Leadership Costs

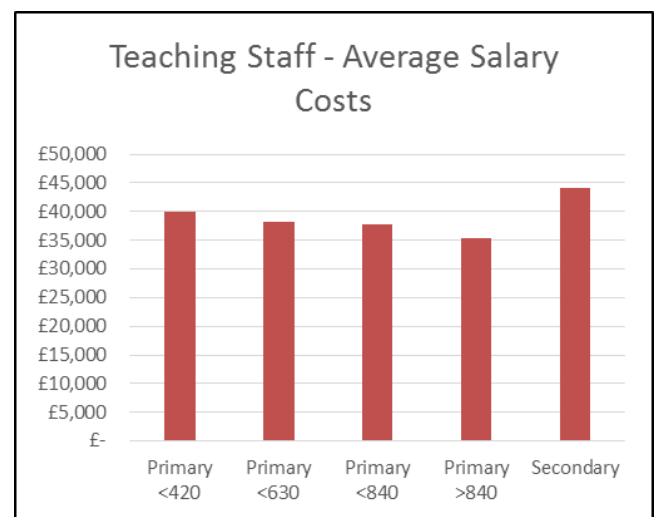
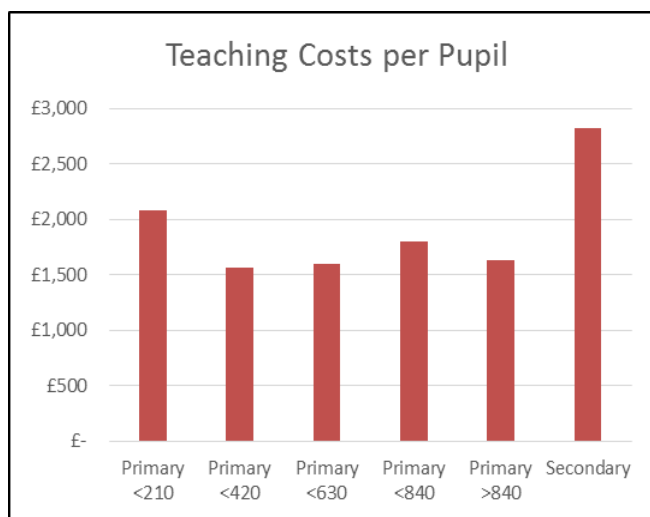
In general the leadership costs per pupil are consistent across most sizes of school, the one variable being the sector Primary >840. The average leadership salary cost across Primary is consistent at circa £63,000 compared to an average salary level of £83,000.



The previous chart showing leadership costs per pupil identifies variations between the different sizes of schools; this in part will also be influenced by the staffing model adopted. Some schools opt to employ middle leaders on the leadership pay range whereas other schools opt to engage middle leaders on the teachers' pay range. Clearly this difference in approach could provide a rationale for the differences in costs between the different sizes of schools. No staffing costs were provided by the school who supplied the information under category <210.

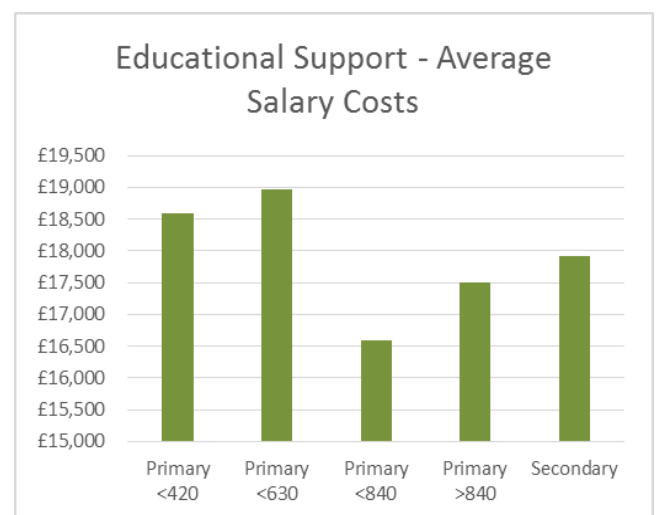
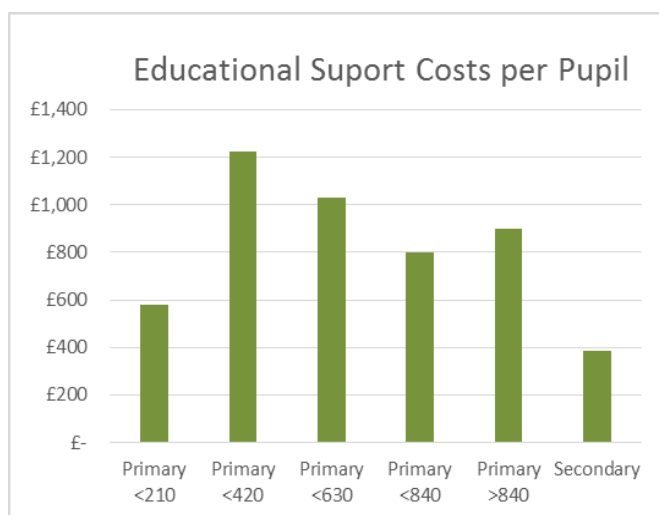
Teaching Costs

The general trend with teaching costs per pupil is that these are higher in both small primary schools and secondary schools; the remaining sizes of primary schools are broadly around £1,600 - £1,700 per pupil. The higher cost in secondary is often as a result of lower levels of educational support being used. The average salary costs in primary reduce with the size of school. Those schools visited were also asked to comment on the process for performance management in their schools - all commented that this was robustly completed.



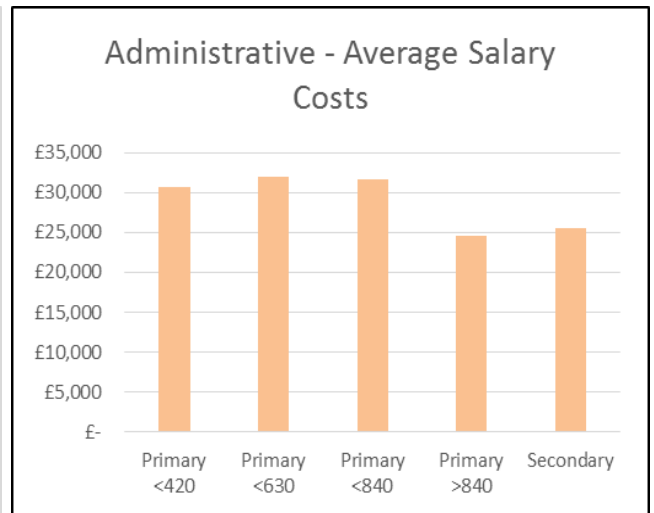
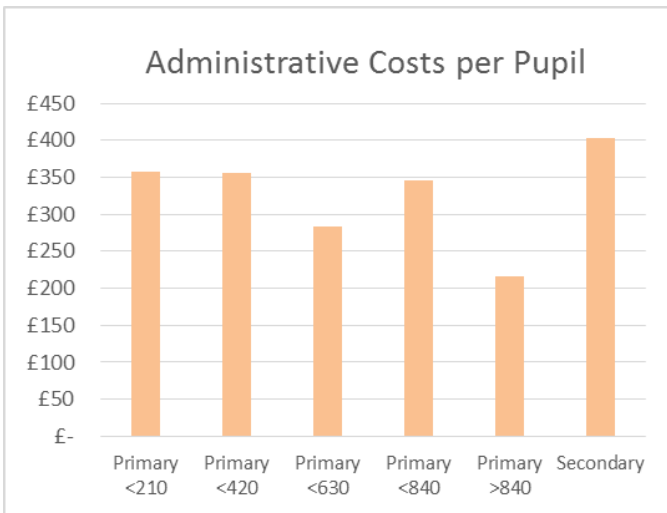
Educational Support Staff

This analysis needs to be considered jointly with teacher costs and demonstrates the decision taken by secondary schools to utilise higher levels of teaching staff rather than educational support staff. Equally this may also reflect the decision taken by some schools to utilise alternative provision externally. The position at primary is inconsistent and this may in part, be due to the staffing groups that each school have classified as Educational Support. Additionally the information will also vary school to school dependent upon the level of pupil premium funding that the school deploy to fund educational support staff.



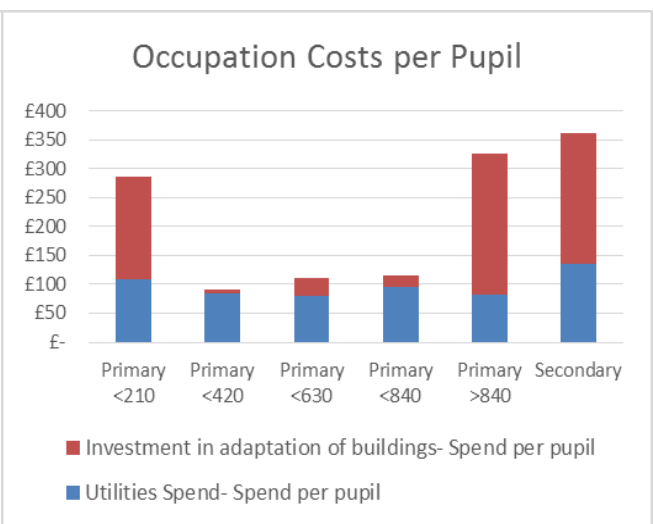
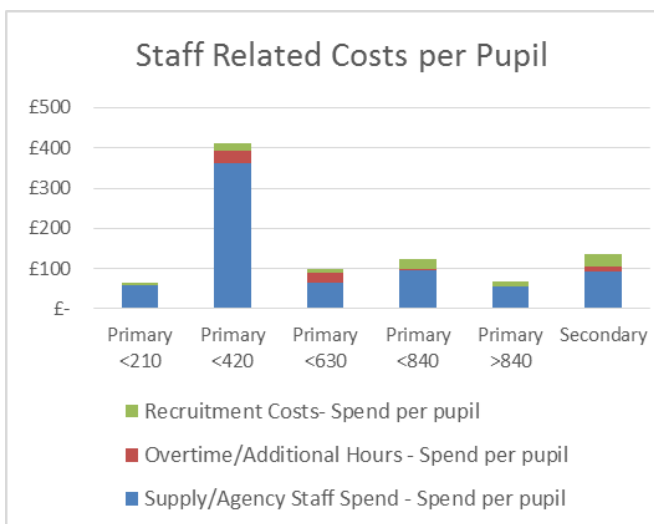
Administrative Staff

The cost per pupil appears to reduce in the primary sector as the size of the school increases; the anomaly is those schools Primary <840 where one school is significantly higher and thus affects the average. This result identifies the economies of scale often realised in larger schools. The average salary costs are circa £32,000 in the first three sizes of primary school and then reduce to circa £25,000 in the larger schools. A strong feeling amongst primary colleagues is that they do not have sufficient administrative capacity within their school given the number of parents that they engage with.

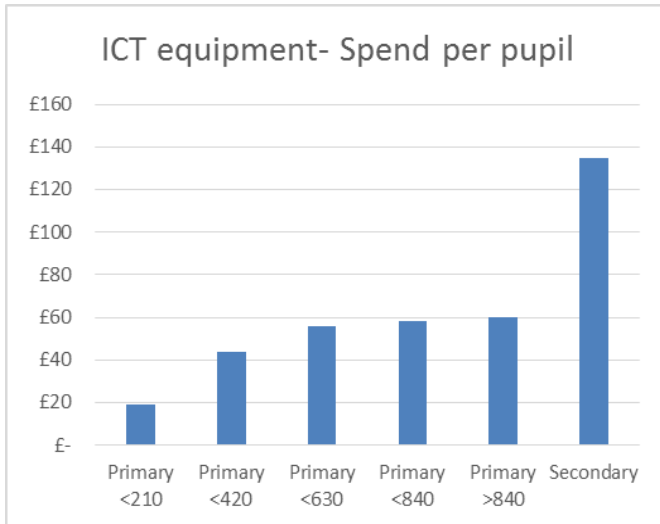


Other Comparators

Staff related costs are broadly around £100 per pupil, the anomaly being Primary <420 where the spend on supply/agency is significantly higher. This is likely to reflect a specific issue of long term absence in one particular school. Whilst recruitment costs are not significant per pupil, this does not recognise the level of disruption and time invested in advertising and recruiting to vacant positions. It also assumes that schools have specifically identified these costs. A small number of schools had opted to overstaff their schools to remove the need for agency/supply workers thereby increasing the consistency of staff in school and allowing the school to respond to staff shortages. These posts were partly funded by also placing these staff in other schools for specific projects and charging the school for this time.



Occupation costs per pupil, utilities spend is relatively consistent, however the investment in buildings is proportionate in the Primary <210, Primary >840 and Secondary. The remaining three sizes of primary have a low investment in buildings. It is not clear whether these school have prioritised capital resources to fund these works and have therefore not made any contributions from revenue.

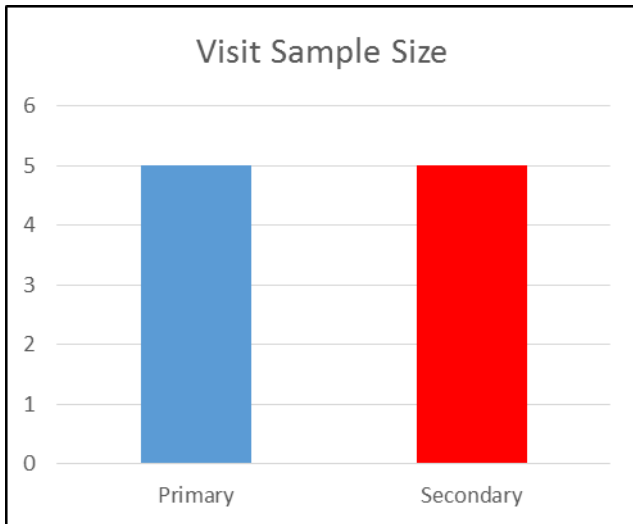


The per pupil spend on ICT increases is in line with the size of school. The spend at secondary is considerably larger than primary.

An issue to consider here is whether all schools have consistently recorded the costs of ICT equipment.

Visits

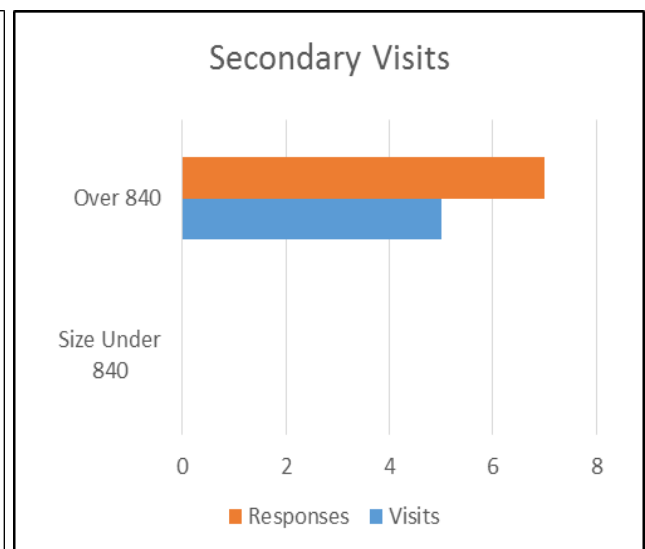
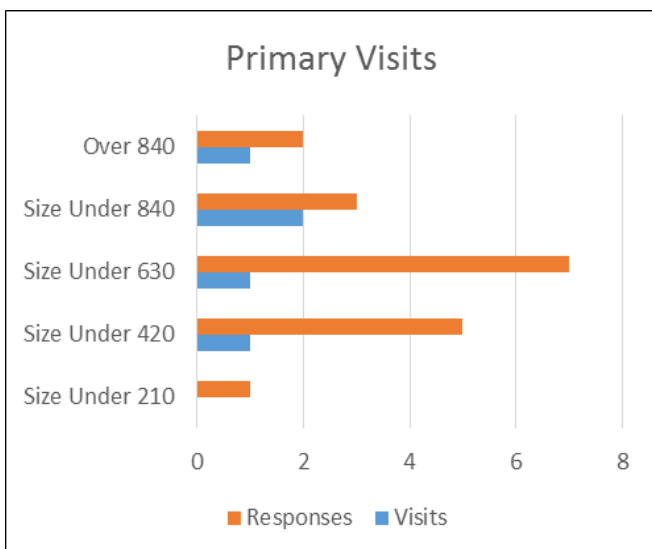
Of the 25 schools/academies that returned their financial data a sample of 10 schools/academies were selected for visits to further analyse and understand the process for making financial decisions. These visits lasted approximately 1 hour and were undertaken with the Headteacher.



The schools/academies visited were:-

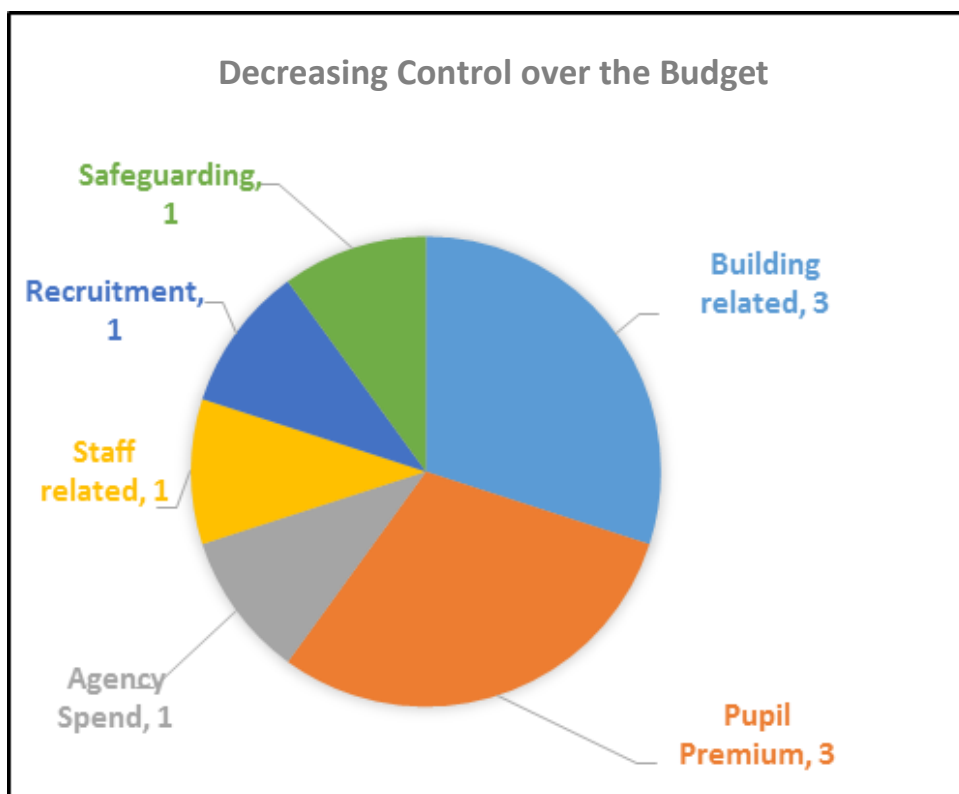
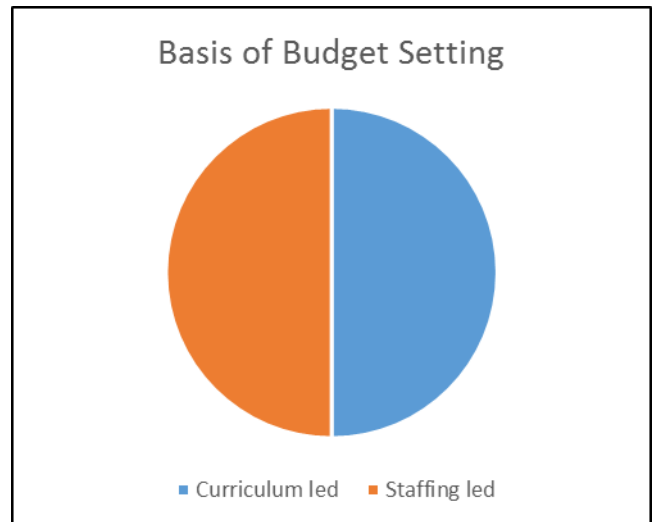
- Cippenham Primary School
- Claycots Primary
- Foxborough Primary School
- Langley Hall Primary Academy
- Penn Wood Primary and Nursery School
- Beechwood Secondary School
- Herschel Grammar School
- Slough & Eton C of E Business & Enterprise College
- Upton Court Grammar School
- Langley Grammar School

The spread of visits is depicted in the following graphs where a series of questions were asked to ascertain whether there were common approaches, opportunities or concerns raised. The following graphs highlight the issues raised.



The basis of budget setting had two broad approaches, those that modelled the provision required each year based on the needs of the curriculum compared to those that modelled the budget based on historical staffing levels.

A number of Headteachers indicated that budgets set for 2015/16 were reliant upon surplus balances developed in previous years.



One specific question asked was what areas of the budget you feel that you have decreasing control over.

Two areas had a higher level of response these were:-

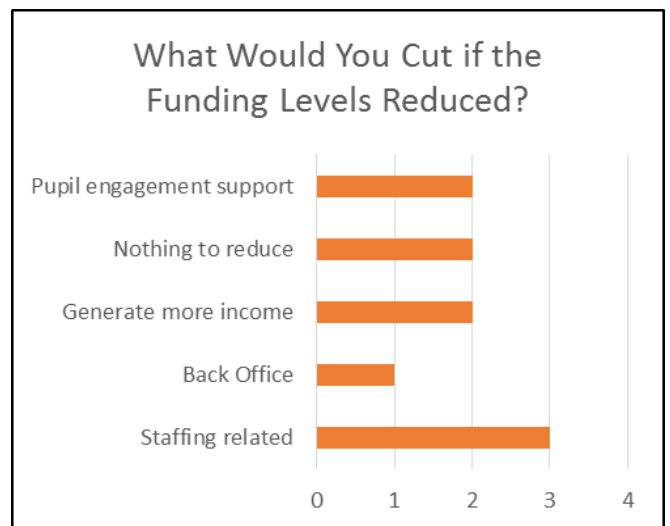
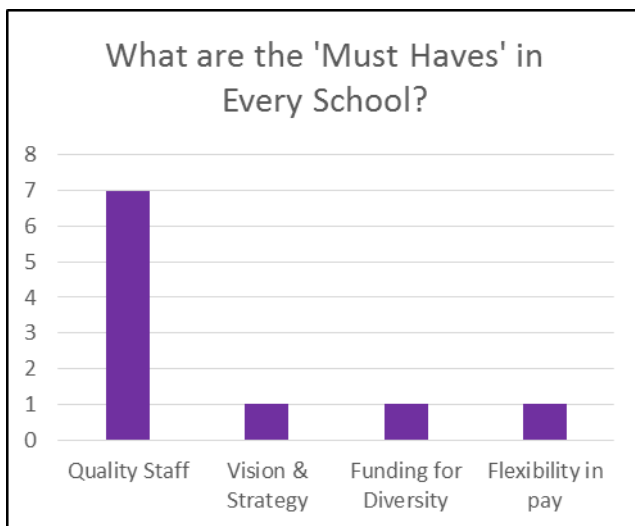
- Building related costs. Incorporating costs of improvement in older buildings and Service Charges in PFI schools.
- Pupil Premium where, due to changing funding thresholds, some schools felt that they had less funding available to support the needs of children.

Headteachers were then asked what they believed to be the ‘must haves’ in any school the clear response was that quality staff was the essential factor. A general issue was the difficulty that some schools/academies had in recruiting quality staff, although this was not an issue raised in all schools.

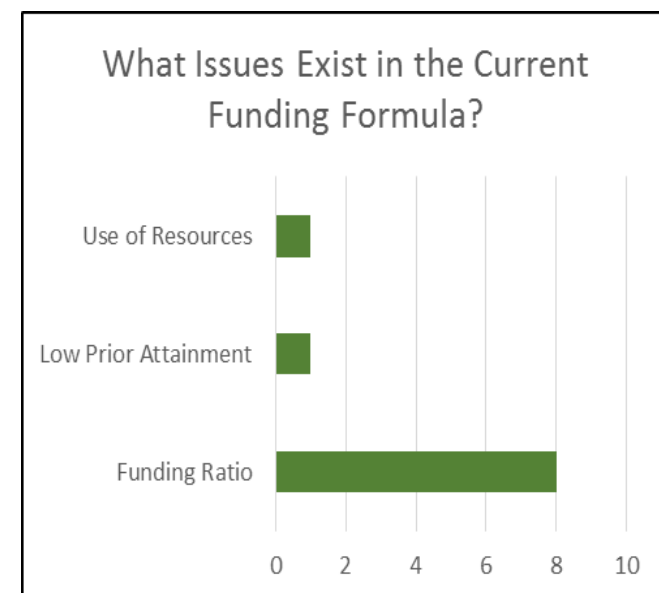
Secondary colleagues also highlighted that examination fees were a sector specific cost that needed to be highlighted through the review.

Whilst having quality staff (leaders, teachers, SENCO, business managers) was highlighted as key, most recognised that if the National Funding Formula led to a reduction in funding levels, whilst staffing would be protected where possible, it would be inevitable that savings would have to be made in this area.

Two schools particularly highlighted the current effective practice that they had in place around the engagement of vulnerable and dis-engaged children and that this additional provision would have to be reduced which could lead to an increase in exclusion rates. In comparison, two schools felt that there was nothing left to reduce and that a reduction in funding would send them into a deficit financial position.



A key issue discussed at Schools Forum related to the ratio of funding between primary and secondary, therefore a question was raised related to whether Headteachers felt that the current formula was equitable.



The most common area related to the ratios that exist with the formula, including:-

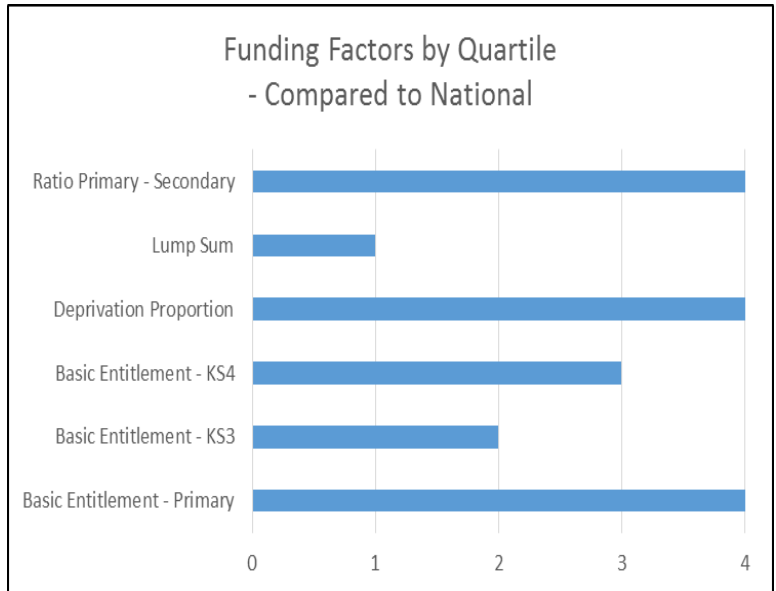
- the split between primary and secondary; and
- the split between pupil led factors and deprivation factors.
- Feedback was also received about the effectiveness of additional resources that had previously been identified for Primary Schools.

When the key factors in the formula are compared to other councils this is how Slough compares.

Each area was grouped in quartiles,

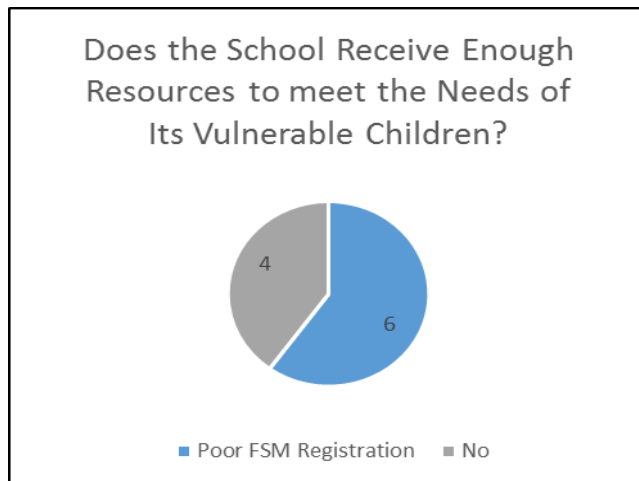
- quartile one being amongst the lowest funded in comparison with all Councils
- quartile four being amongst the highest funded in comparison with all Councils.

It is clear that the current formula in comparison with other Councils has a number of factors at the extreme either in quartile one or four.



The ratio of primary to secondary funding is in the top 10% of all Councils where the lump sum element is the second lowest in the country.

Given the varied context of schools within Slough, each school has a view about the balance of funding between the different elements of the formula including balance of funding in sectors and the balance between deprivation led funding given the additionality provided by pupil premium funding.

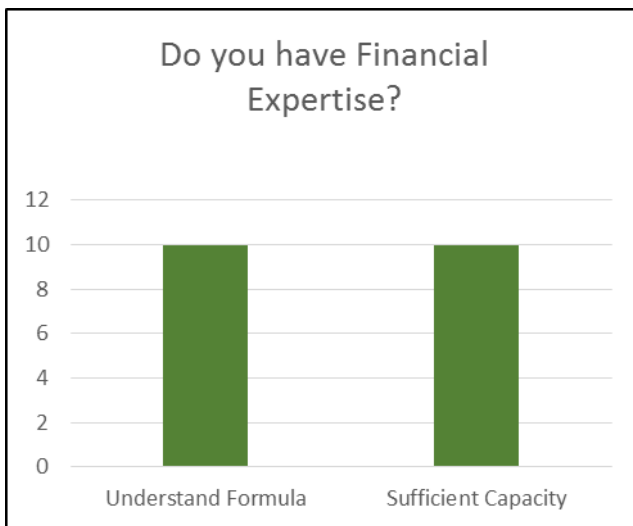
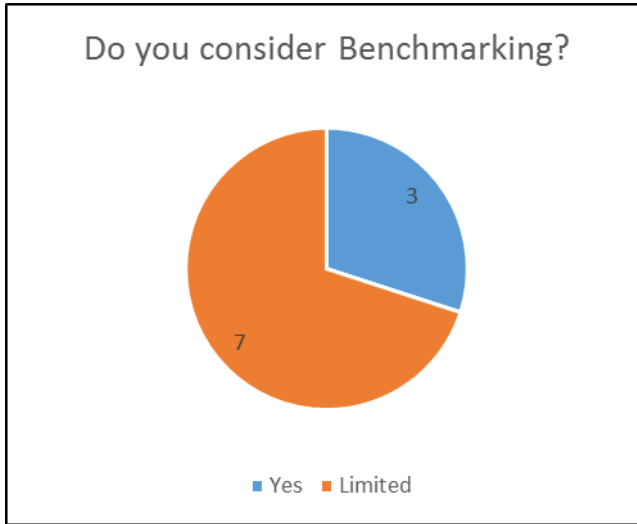


A key issue to emerge was that large numbers of children in a number of schools were not registered for Free School Meals when they were eligible. The financial impact of this to some schools was significant.

A number of schools recognised the issue and had attempted to tackle this with parents with minimal impact. Given the potential numbers affected it would be worth considering if a media and communications strategy across the Council would be beneficial to raise the profile of this issue.

Benchmarking/Financial Capacity

Benchmarking remains a key element of determining whether schools are providing value for money, however even though nationally the quality and timeliness of information has improved, often people find it difficult to effectively benchmark the provision in their schools. The general response was that people would like to engage in effective benchmarking but given the particular characteristics of Slough, this is difficult. Equally people were open to sharing resources but again found this difficult.



Headteachers also felt that they had appropriately skilled people in the school who understood the school funding formula and how a school should be financially managed.

This capacity often relied on the knowledge of the Headteacher around the funding formula.

All secondary heads commented on the usefulness on SASH in helping to benchmark and introduce consistent approaches. Additionally the Bursars meeting was also highlighted as a useful forum for discussion and comparison.

Conclusions

The diversity of school types and contexts in Slough is considerable, given the mix of maintained schools, academies and selective schools. Whilst all colleagues acknowledged that the level of pupil level funding in Slough was above the national average, a number felt that Slough had the same characteristics as a London Borough and that when compared to national benchmarks this was not comparable.

From the sample of returns submitted and visits undertaken it was clear that the approach taken to resource each school had key differences, for example the differentiation of staff used, approaches to engage disengaged children and opportunities to generate income.

A number of broader themes have emerged through attendance at meetings and site visits which indicated that there had been a reluctance to engage, primarily due to a lack of confidence that anything would change as a result of the review. Equally there were also strong views about the appropriateness of the funding formula weightings. The three key factors raised were the primary/secondary ratio; lump sum and proportion of funding for deprivation.

Most recognised the complexity in altering any of the factors but welcomed the opportunity to see the impact of any changes that would arise should different elements of the formula be changed. Clearly the process has been to be highly transparent to ensure that an effective discussion can take place with clear options for any schools/academies significantly impacted as a result of any changes.

In summary the review highlights a number of further questions that require clarification:-

1. Is the ratio of funding between the primary and secondary sector appropriate or should a model closer to the national average be considered?
2. Any redistribution of funding through the formula would undoubtedly impact on individual; or groups of schools and therefore should phasing of such changes be considered?
3. The lump sum is very low which will have an impact on smaller school, therefore should a model closer to the national average be considered?
4. The need to meet all children's needs was understood, however should a model be developed which looks to reduce the level of funding distributed under the deprivation factors closer to the national average given the additional funding often received in these school through Pupil Premium?
5. It would appear that a significant number of pupils eligible for free school meals are not registering which has an impact on the level of funding received across all schools. Consideration should be given to whether the Council could work with all schools to highlight this issue and look for incentives to encourage parents to register their children?
6. There was a view that national comparators whilst helpful did not adequately reflect the context of Slough and that a better comparator would be with other London Boroughs. The Council should consider whether it would be appropriate to engage with the Government to raise this view?
7. Resources will undoubtedly become tighter in years to come and schools should consider options for collaborative working. How could schools work more collaboratively to generate financial efficiencies?