



BATH & NORTH EAST SOMERSET

Councillor Paul Crossley

Liberal Democrat Councillor for Southdown

Orchard Rise, Sham Castle Lane, Bath BA2 6JL

Telephone: (01225) 312487 Mobile: 07980 998802

Mrs R Kelly
Sec of State for Education and Skills
DfES
Sanctuary Buildings
Great Smith St
Westminster
London
SW1P 3BT

16th December 2004

Dear Mrs Kelly

May I first welcome you to your new role.

I am writing to you regarding decisions on “passporting” for 2005/06.

You will be advised that a year ago your department accepted this Council’s 3 year financial strategy of integrated revenue and capital investment in our schools and therefore did not require us to “passport” in full the increase in the schools’ Formula Spending Share (SFSS).

Our strategy is part of a 3-year plan up to 2006/07 to improve the quality of school accommodation while maintaining a high level of revenue funding and tackling the inefficiency of surplus school places. The 3-year plan was approved by the Council in February 2004 and reflects the Council’s long-standing policy of using capital resources to improve the poor state of our school buildings (inherited in the main from the ex Avon County Council) and specifically commented on by OfSTED in 2000.

This remains our plan. In 2004/05 we invested £900,000 of additional capital resources specifically to improve school buildings. This investment has helped to provide an overall capital programme which:

- provides for the building of 3 new schools estimated at £16m, removes a substantial number of temporary classrooms and allows schools to bring forward many of their own capital projects through our Seed challenge scheme
- provides a site valued at over £1.75M for a new special school
- includes working with the Catholic Diocese to provide a site for a new primary school in Bath.
- has enabled us to press forward with a programme of removing unfilled school places – proposals already approved by the SOC mean that by September 2005 five schools with 25% or more and at least 30 unfilled places will close reducing the proportion of schools in this position from 22% to 14%. By September 2007 a further two schools in this category will be closed. On current plans we expect to reduce the proportion of surplus primary spaces from 16% to 11% by 2006 with a further fall in 2007 to <10%
- provides a regular £500,000+ pa of Council investment in cyclical maintenance in schools
- places significant risk on the Council of having to absorb potential cost increases or shortfalls or delays in capital receipt assumptions

In recognising the importance of this capital investment our plan continues to assume that we do not “passport” additional revenue Schools’ FSS in full. In 2004/05 this enabled us to target revenue investment to those Services in most need, in line with our Corporate Plan improvement priorities, and to limit our Council Tax increase to around the national average. In doing so we have:

- ensured that all schools receive the DfES minimum funding guarantee per pupil increase
- Maintained schools budget funding at significantly higher levels per pupil than our nearest neighbours in North Somerset and South Gloucestershire [£3158 compared with £3016 and £2949 respectively] and maintained our total education spending at more than 6% above the FSS level.
- Maintained our position amongst the top 20% of LEAs in terms of Key Stage results and achieved significant improvements in Key Stage 2 results, highlighted by the congratulations of David Miliband MP in his letter of 23rd August 2004
- Not observed any funding difficulties in schools caused by the “under-passport”; and during 2003/04 total school balances rose by 9%.

For 2005/06 our plan is to invest a further £1M in excess of our regular planned maintenance funding in improving our school buildings. On current estimates we anticipate an increase in schools FSS of £5M and we intend to provide to the schools budget £4.3M, which will represent an annual increase

of 5.8%, enabling us to meet in full the DfES per pupil minimum funding guarantee and to target “headroom” to areas of highest need, including workforce reform, SEN statementing and early years. Of the difference between the schools FSS increase and our proposed funding increase we estimate that £197,000 will reflect savings in fixed costs from the reduction of surplus primary school places.

If you require us to passport in full, then clearly the Council will need to review its plans. We believe our Corporate Plan and integrated financial plan would be seriously undermined, and whilst the Council Executive have not yet formally considered alternative options, the impact would be likely to involve:

- An increase in our likely Council Tax rise of about 1.3% - at a time when non-schools budgets are under severe pressure from increases in pension costs and from increased service demand and costs in priority areas such as older peoples’ social services – potentially placing the Council at risk of “capping” from ODPM
- A reduction in our capital investment, involving either:
 - Reductions in our investment in improvements, potentially compromising our school review process and frustrating the objective we share with schools of reducing surplus school places

And / Or

- Reductions in cyclical maintenance, leaving schools to pick up responsibility for essential investment in replacement boilers and roofs, and so on

In considering our plans we consult extensively with schools through our Schools Forum which comprises headteachers, governors and trades union representatives. For 2004/05 the Forum’s view on our plan was

‘The Forum regret the tempering of growth but would support the capital strategy subject to the capital investment exceeding the 1% reduction in passporting, whilst regretting that the Council was not also able to passport in full.’

We have continued to discuss our plans with the Forum and have specifically discussed the proposal at its October, November and December meetings. The Forum’s view is

“Whilst the Schools Forum want to support the Council in its strategy, current pressures on schools budgets (e.g. remodelling – a big pressure particularly for primary schools) have left schools no choice but to not support the under passport of £700,000 as requested by the Council Executive.”

We regret that the Forum feels unable to continue to support our plan in its second year. We understand that primary schools in particular are concerned about perceived cost pressures, notably workforce reform. We have

considered carefully the concerns raised by the Forum, but would wish you to be aware of the following information:

1. Our proposed funding increase to schools is (subject to the views of the Forum on the distribution of "headroom") likely to be around 6% per pupil for primaries and 5% for secondaries comfortably in excess of the minimum funding guarantee and by our calculations will be sufficient to deal with the costs of PPA time;
2. Your department has stated that the minimum funding guarantee of 5% for primaries "recognises the additional pressures on nursery and primary schools from Workforce Reform";
3. While no decision has yet been made by the Council, the lead members for Education and Resources have indicated that they would support an increase in the Council investment in the education capital programme from the £1M currently planned to at least £1.4M to recognise the risks inherent in the current buildings programme (all figures are on top of the regular planned capital maintenance programme);

And that, if required to passport the revenue increase in SFSS in full:

4. The decision would add approximately 1.3% to the Council's increase in Council Tax, when, as stated above, non-school budgets are under severe pressure from increases in pension costs and from increased service demand and costs in priority areas such as older people's social services, potentially placing the Council at risk of "capping";
5. Recognising that the Council does not have unlimited resources, we would have to review the scale of commitment in its capital resources, and, given the need to complete the investment in its primary school reviews, the likely outcome is that we would consult schools on the transfer of funding of its £600,000 pa planned maintenance programme into the ISB, thus negating the additional revenue resources.

For all the above reasons we request you to continue to give your support to our plans.

Yours sincerely



Leader of the Council