



Portsmouth
CITY COUNCIL

**REPORT OF POLICY & REVIEW (PERFORMANCE)
PANEL**

EDUCATION FUNDING

1. PURPOSE

- 1.1 The purpose of this report is to present the Executive/Executive Member for Education, Children & Families with the recommendations of the Policy and Review (Performance) Panel following their scrutiny review of education funding.

2. BACKGROUND

- 2.1 In March this year, following concerns about the Education Funding Settlement received by the City Council, a delegation comprising Councillors Eleanor Scott and Alistair Thompson, three headteachers, the Chair of the Schools Forum and a Local Education Authority (LEA) officer presented a petition entitled "Threats to Education in the City of Portsmouth" to the Prime Minister.
- 2.2 Following the responses received from the Department for Education and Skills (DfES) and Downing Street, the Executive Member for Education, Children & Families requested that a Policy & Review Panel be asked to undertake a scrutiny review in order to give members an opportunity to understand the background to the LEA's funding in 2003/04 (including the £891,000 Additional Budget Support Grant) and 2004/05.
- 2.3 The Policy & Review (Oversight) Panel considered the Executive Member's request at their meeting on 9 July and agreed that the matter should be referred to the Policy & Review (Performance) Panel for consideration. At the meeting on 28 July the Policy & Review (Performance) Panel agreed to undertake a short scrutiny review on the issue.

3. TERMS OF REFERENCE OF THE REVIEW

- 3.1 At their meeting on 28 July, the Policy & Review (Performance) Panel agreed to examine the 2003/04 and 2004/05 Education Funding Settlements to establish:
- How education funding works in general;
 - How it works in Portsmouth;
 - What Portsmouth City Council received in 2003/04 and will receive 2004/05;
 - The status of the "Additional Budget Support Grant" received by the City Council in 2003/04;and
 - Options for a way forward (if any).
- 3.2 The review was undertaken at one formal meeting, which took place on Wednesday 22nd September 2004. At this meeting, the following members were present:

Councillors Tom Blair (Chair)
Malcolm Hey (Vice Chair)
Hugh Mason
Leo Madden

- 3.3 Under the Portsmouth City Council Constitution, education representatives are entitled to attend meetings of Policy & Review Panels when Panels are considering items relating to education issues. The following education representatives also attended the meeting on 22nd September:

Mr. Roger Bentote, Teachers' Liaison Panel
Mr. Derek Good, Governors' Forum
Mrs. Karen Parvin, Parent Governor

4. SUMMARY OF EVIDENCE RECEIVED

Attached are the background report received by the Panel on 22 September 2004 (Appendix 1) and the minutes of the meeting held on 22 September (Appendix 2).

The Panel received evidence from the following witnesses:

- Mr. Mike Fowler, Senior Assistant Director (Resources) for the LEA
- Councillor Eleanor Scott, Executive Member for Education, Children & Families
- Mrs. Krysia Butwilowska, Headteacher of St. Lukes School and Chair of Secondary Heads Executive
- Mr. Tim Stokes, Headteacher of Waterside School representing the special needs sector

4.1 Education Funding - Background

The Panel heard evidence on the way in which education funding works in England and Wales. Since the mid-1980s the Government has tended to delegate core funding to schools by using a number of mechanisms such as local management, the introduction of Fair Funding and, more recently, the setting of annual targets by the DfES. Since 2000, each LEA has been required to delegate increasing levels of funding to schools and reduce the amount of money spent on central administration.

The Panel were advised that the measures employed by the DfES have not proved effective in ensuring that all LEAs fully passported the increase in education SSA directly into education spending. In addition the rising delegation targets have been faced with opposition from schools. In Portsmouth the City Council fully passported the increase in education SSA between 1997 and 2003 to education spending. As a result the City Council has met all DfES requirements regarding the percentage of delegation, capping central administration costs and minimum school budget share increases. The Panel also noted that Portsmouth schools were amongst the highest nationally with regard to funding per pupil.

4.2 Education Funding 2003-04

The Panel received information on the changes to education funding that took place during 2003-04. The Formula Spending Share (FSS) was introduced by the Government in 2003. This provided a means of allocating grant according

to local authorities' relative circumstances and replaced the SSA, which had been based on a notional need to spend. The Panel heard that this change took place at the same time as a shift in the allocation of Government grant from southern LEAs to northern LEAs. This was to have a significant impact on the level of education funding given to Portsmouth City Council.

The Government also made a number of further complex changes to education funding during the course of 2003. These included, the increase to the employers contribution to the teachers' pension scheme, the nursery education grant and the Key Stage 1 Standard Fund grant in the FSS. In addition to these changes, four Standard Funds ceased to exist which was also to prove detrimental to LEAs and schools.

During 2003-04 the City Council's FSS increased by £22.671m (12.6%) but the extra provision was intended to fund those additional elements referred to above and did not take account of the cessation of many direct grants. The Panel were reminded that a standstill budget for 2003-04 would have required a 13-17% increase in the City's council tax. This year, this LEA received a lower than average increase in funding per pupil and cash increase.

The Panel were also reminded of the growing national disquiet in early 2003 regarding the apparent underfunding of LEAs by the DfES. Some schools were running into financial deficit and were forced to make redundancies and Portsmouth LEA was struggling with the FSS. These problems were compounded further by the level of complexity involved in the calculations for funding and by the late supply of information from the Government about FSS.

4.3 Additional Budget Support Grant

The Panel heard that the DfES announced in March 2003 that an additional grant would be awarded to the 36 LEAs with the lowest increase in education FSS and a reduction in Standards Fund. The DfES advised LEAs that they must treat the grant as an addition to the budget for schools and gave limited options of how this could be achieved.

Members received a summary of how this additional grant was allocated by this LEA:

- £891k of the Additional Budget Support Grant and £320k from School Block contingency to ensure that all schools have at least a 3.2% increase in per pupil funding.
- £938k across all schools on the basis of pupil numbers and/or secondary weighting

This action was reported in the Members Information Service in mid-April and received support from the Schools Forum on 15th May 2003.

The Panel heard that, in April 2003, the DfES made well-publicised claims that LEAs were holding back £500m of funding from schools. Portsmouth City Council made a detailed rebuttal and schools agreed that the LEA had acted fairly and had complied entirely with Government guidance.

4.4 2004-05 Budget

The Panel were advised that the FSS has increased by £2.965m for 2004-05. This funded the minimum 4% guarantee, consolidated the 2003-04 Additional Budget Support Grant, increased local costs of School Standards Fund costs and provided real term protection to schools. However, this did not fund LEA inflation and essential growth and nor did it provide any headroom for supporting schools.

Key issues for Portsmouth during the recent funding round centred on the level of DfES “floor” funding. A ‘floor’ authority is a local authority that will get a minimum increase in funding as it was previously well funded. Portsmouth City Council is one such authority. The City Council will also have to consider the affordability of LEA inflation and services.

4.5 Funding post- 2005-06

The Panel received a summary of how education funding may be delivered in the future. The Government will be consulting fully with local authorities, school representatives and other interested parties on the detailed implementation of the changes in due course. The Panel heard that decisions in the future on education funding might be largely government-driven with little scope for local decision-making. The Panel heard details of the work which has been undertaken by the LEA and which would continue in the future in order to ensure that the best possible Education Funding Settlement is secured for the City.

4.6 Audit Commission report ‘Education Funding’

The Panel received a summary of the Audit Commission report ‘Education Funding’ which was published on 20 July 2004. It had been commissioned following concerns in 2003 from schools and local authorities that they had been under funded and from central Government that councils had not fully passported the FSS directly to schools.

The report highlighted 5 key findings:

- There was not a widespread funding crisis in spring 2003.
- There is no evidence that councils failed to allocate to schools funding made available by the Government.
- A minimum funding guarantee (MFG) for schools and transitional funding (TSG) for councils do not tackle areas of greatest need and represent an inefficient use of resources.
- The overall level of schools’ unspent revenue balances is substantial and increasing. The growth and size of surpluses is matched by increases in deficits.
- The level of engagement with schools by councils on financial management, challenge, support and intervention overall is inadequate.

The Audit Commission made the following recommendations:

- Councils need to have robust, accurate and up-to-date information about the state of school budgets.
- Schools and councils need greater certainty about the basis upon which education funding will be calculated.
- The processes for monitoring, providing challenge and support, and intervening in schools on financial management issues should be closely aligned to the processes already in place in relation to school improvement performance.

4.7 Relationship between the LEA and schools

All the witnesses who expressed an opinion on this issue praised the current relationship between the LEA and schools, and headteachers were particularly appreciative of the way in which they are encouraged by the LEA to participate in the decision-making process. The atmosphere of openness and honesty was cited as a very positive factor in this relationship. The Schools Forum was recognised as a good medium for forging strong links between the LEA and schools.

Representatives from both the LEA and the schools were satisfied that all education funding money was being spent appropriately; in particular, the budgetary skills of headteachers were praised and this had been recognised by the recent Ofsted inspection. Portsmouth schools recognise that the LEA is a highly delegating authority.

The Panel heard that schools in the city are beginning to recognise the need to work more corporately and they appreciate the range of pressures operating on the City Council. Further, headteachers in particular recognise the importance of the Community Strategy and the role that could be played by schools in working towards the achievement of all of the Strategy's aims and objectives.

Representatives from schools indicated that they recognised and held in high regard the continuing work by the City Council in keeping education as a high priority. The DfES has suggested that education funding is a local issue and therefore Portsmouth City Council was urged to continue to make education a priority and work towards addressing any future shortfall in funding.

The work being undertaken by the LEA, schools and their partners to improve education was praised but it was feared that any reduction in education funding could stultify this development. The need to work in partnership with others in order to deliver on developing agendas was recognised and schools had already begun to introduce this style of working.

The Panel heard that the LEA is able to loan back to schools up to 40% of the total school balance. Such loans are repayable over up to 5 years and the maximum/minimum amount determined by the Schools Budget share. It is recognised that schools can reasonably carry forward 2 to 3% uncommitted balances and the Panel were reassured to hear that overall Portsmouth schools have been

below this figure. Each year the LEA publishes all school balances and those which are committed are clearly identified.

Representatives from schools gave the following evidence regarding the impact of the shortfall in funding on schools:

- The timing was inappropriate for a cut in funding, as there had been an upward trend at all key stages, improvements in recruitment and retention of teachers and morale was high within Portsmouth schools.
- As a result of the financial shortfall, the curriculum was being restricted at a time when headteachers were considering innovative and radical approaches to curriculum design to ensure the motivation of pupils and staff.
- Innovation on the part of schools could have a positive impact on raising standards but this would need adequately resourcing. It was estimated that schools would need an increase in 2-3% of their budgets, which would amount to approximately £2.5m. Witnesses emphasised that there would need to be some allowance for failure as not all schemes would necessarily prove successful.

5. CONCLUSIONS

- 5.1 The Panel is satisfied that, in each year from 1997 to 2003, Portsmouth City Council fully passported the increase in education SSA to education spending and it met all DfES requirements regarding the percentage of delegation, capping central administration costs and minimum school budget share increases. **[4.1]**
- 5.2 The Panel accepts that, since 2002-03, Portsmouth City Council has received a very low level of funding from the Government. This is as a result of a number of factors, such as a redistribution of Government grant from authorities in the south to those in the north of the country, cessation of certain grants and the restructuring of funding settlements. **[4.2]**
- 5.3 The Panel is satisfied that the LEA acted fairly and complied entirely with Government guidance with regard to the Additional Budget Support Grant awarded in March 2003. **[4.3, 4.6]**
- 5.4 The Panel recognises that the increase in funding for 2004-05 did not fund LEA inflation and essential growth and nor did it provide any headroom for supporting schools. **[4.4]**
- 5.5 The Panel feels that pressure must be kept on the Government to try and improve the level of education funding for Portsmouth. **[4.5]**
- 5.6 Evidence suggests that the role of the LEA will have to adapt and develop in order to meet the needs of developing agendas and changes to funding delivery. **[4.5]**
- 5.7 The Panel accepts the Audit Commission findings that demonstrate that there was not a widespread funding crisis in spring 2003 and that there was no

evidence to suggest that councils failed to allocate to schools funding made available by the Government. **[4.6]**

- 5.8 The Panel accepts that decisions in the future on education funding would be likely to be largely government-driven with little scope for local decision-making. **[4.5]**
- 5.9 The Panel was pleased to note that representatives from both the LEA and the schools were satisfied that all education funding money was being spent appropriately. **[4.7]**
- 5.10 The Panel recognises that the LEA is a highly delegating authority. **[4.7]**
- 5.11 The Panel was pleased to note the positive relationship between the LEA and schools in Portsmouth. **[4.7]**
- 5.12 The Panel recognises that there is a direct correlation between the level of funding received by schools and an improvement in standards. **[4.7]**
- 5.13 The Panel recognises the achievements of Portsmouth schools in raising standards and working in partnership. **[4.7]**
- 5.14 The Panel accepts that the LEA has always done all it can to secure the best Education Funding Settlement for the City. **[4.5]**

6. RECOMMENDATIONS

Following from the findings of this review, the Panel would like to make the following recommendations to the Executive/Executive Member for Education, Children & Families:

- 6.1 That this Panel is pleased to note that the City Council has always passported a high level of education funding directly to schools. **[4.1]**
- 6.2 That this Panel congratulates Portsmouth schools on their achievements in working in partnership across the City to improve standards. **[4.7]**
- 6.3 That this Panel recognises the hard work undertaken throughout the previous and current financial years to secure the best Education Funding Settlement possible for the City. **[4.5]**
- 6.4 That this Panel recognises the cross-party support given to securing the Education Funding Settlement and supports the continuation of these efforts. **[2.1, 2.2]**
- 6.5 That this Panel recognises the role of the Executive Member for Education, Children & Families in continuing to act as an advocate at all levels of government to ensure that the financial resources allocated to schools are sufficient to improve standards across the City. **[2.2]**
- 6.6 That the Executive Member for Education, Children & Families and Opposition Spokespersons be asked to ensure that Portsmouth is fully

involved in the Government's consultation on future education funding. [2.1, 2.2]

- 6.7 That Portsmouth's schools be congratulated on maintaining low school balances and that this continue to be monitored by the LEA. **[4.7]**
- 6.7 That representatives of the Headteachers' Joint Executive be invited to give a presentation to the City Council on the importance of funding in continuing to achieve improved standards in schools. **[4.7]**

APPENDIX 1

Report to: Policy & Review (Performance) Panel
22 September 2004

Report from: Democratic Services Manager

Report by: Saskia Kiernan, Scrutiny Support Manager

Review of Education Funding

1. Purpose

- 1.1 The purpose of this report is to provide members with background information for the scrutiny review of Education Funding.

2. Background

- 2.1 In March this year, following concerns about the Education Funding Settlement received by the City Council a delegation comprising Councillors Eleanor Scott and Alistair Thompson, three headteachers, the Chair of the Schools Forum and an LEA officer presented a petition entitled "Threats to Education in the City of Portsmouth" to the Prime Minister.
- 2.2 Following the responses received from the Department for Education and Skills (DfES) and Downing Street the Executive Member for Education, Children and Families requested that a Policy & Review Panel be asked to undertake a scrutiny review in order to give members an opportunity to better understand the background to the LEA's funding in 2003/04 (including the £891,000 Additional Budget Support Grant) and 2004/05.
- 2.3 The Policy & Review (Oversight) Panel considered the Executive Member's request at the meeting on 9 July and agreed that the matter should be referred to the Policy & Review (Performance) Panel for consideration. At the meeting on 28 July the Policy & Review (Performance) Panel agreed to undertake a short scrutiny review on the issue.

3. Terms of Reference for the Review

- 3.1 At their meeting on 28 July the Policy & Review (Performance) Panel agreed to examine the 2003/04 and 2004/05 Education Funding Settlements to establish:
- How education funding works in general;
 - How it works in Portsmouth;
 - What Portsmouth City Council received in 2003/04 and will receive 2004/05;

- The status of the "Additional Budget Support Grant" received by the City Council in 2003/04;and
- Options for a way forward (if any).

A presentation from City Council's Education Officers covering all of these issues will be given at the meeting.

4. Evidence

4.1 The following witnesses have indicated that they will attend the meeting to give evidence to the Panel:

- Councillor Eleanor Scott – Executive Member for Education, Children and Families
- Krysia Butwiloska, Headteacher, St Lukes School and Chair of the Secondary Heads Executive
- Tim Stokes, Headteacher, Waterside, representing the special needs sector

4.2 In addition, under the terms of the City Council's Constitution, when an education matter is considered by a Policy and Review Panel the following representatives are included in the Panel's membership:

- One Church of England diocese representative
- One Roman Catholic diocese representative
- Three parent governor representatives
- One governor forum representative
- Two Teachers' Liaison Panel representative

5. Background Papers for the Review

5.1 A number of background papers have been made available to members in advance of the meeting. These are listed in the appendix attached to this report.

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Democratic Services Manager

APPENDIX 2

POLICY & REVIEW (PERFORMANCE) PANEL

MINUTES OF A MEETING of Policy & Review (Performance) Panel held in the Civic Offices at 4.00pm on Wednesday 22nd September 2004.

(NB: These minutes should be read in conjunction with the agenda for the meeting)

Present

Councillors Tom Blair (Chair)
Malcolm Hey
Leo Madden
Hugh Mason

Education Representatives Roger Bentote, Teacher Liaison Panel
Derek Good, Governor's Forum
Karen Parvin, Parent Governor

68 Apologies for Absence (AI 1)

Apologies were received from Councillor Andrewes and Mr. Raymond Fisher, Diocesan representative.

Apologies were also received from two of the invited witnesses, Mr. Neil Davies, Chair National Governors' Council, and Mrs. Julia Knowles, Headteacher of Solent Junior School.

69 Declaration of Members' Interests in Accordance with Standing Order 14 (AI 2)

No interests were declared.

70 Review of Education Funding (AI 3)

The Panel welcomed Mr. Mike Fowler, Senior Assistant Director (Resources) for the Local Education Authority (LEA).

Presentation from Mr. Mike Fowler

The Panel received a presentation from Mr. Fowler (PowerPoint slides attached to these minutes) which gave an overview of how education funding works in general, how it works in Portsmouth, what Portsmouth City Council received in 2003-04 and what it will receive in 2004-05 and the status of the Additional Budget Support Grant. The following points emerged:

Context

- Since the mid-1980s, the Government has been of the opinion that the delegation of funding to schools is 'a good thing', even though no academic research has been undertaken to prove the optimum balance of school/LEA funding.
- Details of the funding 'tree' were given and how the competing priorities are managed at the different stages of decision-making.
- A series of government mechanisms were used from the mid-1980s to ensure increasing delegation to schools, such as local management of schools, the introduction of Fair Funding and, more recently, annual targets set by the Department for Education & Skills (DfES).
- The DfES targets have not proved effective in ensuring that all increases in education funding were fully passported to schools.
- The DfES set rising delegation targets but these faced opposition from schools who did not want responsibility for non-educational, volatile or 'difficult' services.
- Education funding may be affected by the wider review of local government funding which is currently taking place.
- 80% of a school's budget is dependent on pupil numbers.

Portsmouth

- 10 Portsmouth schools are currently in deficit but it was hoped that these would be out of deficit by the end of next year.
- A 'floor' authority is a local authority that will get a minimum increase in funding as it was previously well funded. Portsmouth City Council is one such authority.
- Pupil numbers are falling in Portsmouth but there is currently a lot of movement around the city.
- Each school could carry forward a balance of their budget to the next financial year provided that they have a legitimate reason for doing so. The government recommends that schools carry forward no more than 2-3% of their budget but Portsmouth schools carry forward approximately only 0.5% of uncommitted balances.

2003-04 - National and local education budgets

- Until 2003, Portsmouth schools were amongst the highest nationally with regard funding per pupil.
- The method of deciding and allocating education funding in 2003-04 was described. The changes made would disadvantage Portsmouth City Council and result in difficult decisions, such as choosing between a cut in services or a rise in council tax. Discussions were held with School Forum and there was a national disquiet regarding DfES underfunding. As a result, the DfES announced in March 2003 an additional support grant for 36 LEAs with the lowest increase in funding.
- In April/May 2003, the DfES claimed that LEAs were holding back money. Portsmouth City Council denied this and Portsmouth

schools agreed that the LEA had acted fairly and had complied entirely with government guidance.

The future

- Decisions in the future on education funding would be largely government-driven with little scope for local decision-making.
- Portsmouth City Council lobbying has been and will be successful at the margin for mitigating the effects of poor education funding settlements and the national redistribution of resources.
- Central Government will argue that ultimately it remains a local decision to increase the priority and resourcing of education and schools.
- The DfES increase in funding for 2004-05 will not fund any LEA inflation/growth and will not provide any headroom to support schools.
- The role of the LEA in relation to revenue funding after 2005-06 will probably be much reduced. There is nothing to suggest that the LEA's role will be reduced in terms of capital funding.

Councillor Eleanor Scott

The Panel welcomed the Executive Member for Education, Children & Families, Councillor Eleanor Scott.

Councillor Scott informed the Panel that she had requested this review of education funding in order to seek clarity and raise understanding by elected members of the issues around education funding. She felt that this forum was particularly appropriate as the Panel is cross-party and thus would be able to put forward views which would hopefully be accepted by all political groups. The use of proactive scrutiny and the cross-party vision for education were elements praised by the recent Ofsted report.

Councillor Scott recognised and commended the work being undertaken in the city by the Council and its partners to improve education and feared that any reduction in education funding could stultify this development.

Councillor Scott felt that the current balance in the relationship between the LEA and schools was effective and worked well. Although schools would inherit more powers in the future, the LEA would always have a strategic and budgetary role.

Councillor Scott was hopeful that, if the relevant issues could be clarified and understood by members today, this would enable the LEA to deal effectively with future changes, such as the implications of the Children Bill.

Councillor Scott was satisfied that schools are spending their money appropriately and praised the budgetary management of the headteachers. The LEA tries to build the best possible relationship with schools and the Schools Forum provides a good medium for this.

Mrs. Krysia Butwilowska and Mr. Tim Stokes

The Panel welcomed Mrs. Krysia Butwilowska, Headteacher of St. Luke's School and Chair of the Secondary Heads Executive, and Mr. Tim Stokes, Headteacher of Waterside School representing the special needs sector.

Mrs. Butwilowska and Mr. Stokes gave a presentation (PowerPoint slides attached to these minutes) and the following key points emerged:

Core messages

- The timing was inappropriate for a cut in funding as there had been an upward trend at all key stages, improvements in recruitment and retention of teachers and morale was high within Portsmouth schools.
- There was currently an atmosphere of buoyancy and excitement, not just for teachers but for all who work in the 'learning community'.
- The DfES statement suggested that education funding was a local issue and therefore Portsmouth City Council was urged to continue to make education a priority and work towards addressing the shortfall in funding.

Impact of shortfall

- As a result of the financial shortfall, the curriculum was being restricted at a time when headteachers were considering innovative and radical approaches to curriculum design to ensure the motivation of pupils and staff.
- Workforce remodelling agenda - covering various aspects as considered in 'Every Child Matters'. This was having an impact and funding must be maintained to ensure that the recruitment and retention of staff did not become an issue. Mr. Stokes explained that workforce remodelling referred to an initiative looking at current staffing structures to see if they might need reviewing in order to deal with emerging agendas.
- The learning community agenda needed to continue to develop and expand. Headteachers needed to have the cover to allow colleagues to play a full part in this programme.
- Headteachers recognised and appreciated the honesty and transparency of the LEA and also appreciated that it was a highly delegating authority.

Turning the curve

- Mr. Stokes explained a graph showing the relationship between standards and time and the impact of innovation on the speed of improvement.
- Mr. Stokes emphasised that the turn in the curve as a result of innovation could not be achieved without adequate resources.

Political dimensions

- The increase in school balances was a problem that headteachers acknowledged.
- Headteachers were working more corporately and recognised the range of pressures on the City Council. They also recognised the need to work in partnership with others in order to deliver on developing agendas.
- Local Strategic Plan – schools needed the wherewithal to deliver. Funding had been generous which had resulted in a proactive programme but momentum would need to be maintained in order to make a difference.
- Headteachers recognised that schools needed to support all of the aims of the Community Strategy, not just those relating specifically to education.
- Headteachers recognised and held in high regard the continuing work by the City Council in keeping education as a high priority

Mr. Stokes explained that the 'Portsmouth Guarantee' was provided to all teachers to encourage recruitment and retention. It guarantees certain conditions and opportunities if teachers opt to work in Portsmouth, such as a programme of continuing development and good links with universities. It emphasises that Portsmouth is an exciting and innovative place to work. This came at no additional cost and there was strong evidence to show that the retention rate for newly qualified teachers in Portsmouth was in the high 80%.

Councillor Madden questioned the costs of introducing the levels of innovation needed to turn the curve to raise standards in Portsmouth schools. Mr. Stokes and Mrs. Butwilowska explained that it was not just a matter of funding, as other opportunities were available such as sharing good practice. Extra resources were required, however, for the purchase of expertise in supporting new and innovative uses of the curriculum in primary schools but this was already making a considerable difference. Schools had also committed money for this programme.

In order to 'turn the curve', schools would need an increase in 2-3% of their budgets, which would amount to approximately £2.5m. The headteachers emphasised that there would need to be some allowance for failure as not all schemes would necessarily prove successful. The LEA had been left with no headroom to support these innovative schemes.

Councillor Hey expressed his thanks to Councillor Scott, Mrs. Butwilowska and Mr. Stokes for submitting their petition to Downing Street and reiterated that pressure must be kept on the government to try and improve the level of education funding for Portsmouth.

Mr. Stokes and Mrs. Butwilowska reiterated that the relationship between schools and the LEA in Portsmouth was excellent and thrived in a spirit of openness and honesty. They were also proud of the current atmosphere of innovation and the encouragement from the LEA to take part in the

decision-making process.

Mr. Stokes and Mrs. Butwilowska felt that schools would be very different in 10 years time and could possibly be open year-round and act as a place of support and opportunities for the community. It was predicted that an emphasis would be placed on working in partnership with other professionals to provide a range of services.

Members were informed that schools were able to borrow in total up to 40% of the cost of all school balances from the LEA but this borrowing was monitored closely. One of the indicators for a school causing concern was problems managing money but Mr. Fowler was confident that schools managed their money well and the recent Ofsted inspection was proof of this. Mr. Fowler stated that the work undertaken over recent years in reducing the levels of deficit in schools was remarkable.

The Chair formally thanked all witnesses for their interesting and valuable contributions to the review.

The Panel agreed that they would now consider their recommendations informally and present a final report for approval at the start of their next meeting.

71 Date of Next Meeting

The next meeting of the Policy & Review (Performance) Panel will be held at 4.00pm on Wednesday 27th October 2004 in Conference Room A, Civic Offices.

Meeting closed at 6.00pm.
Chair