



London Borough of Hounslow

**Children's Services & Lifelong Learning
Director ~ Judith Pettersen**

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Our ref: **KB/HLSCon/nd****

Date: 5 June 2009

To
All Headteachers
Chairs of Governors
Trade Unions
Community Groups
Schools Forum

Dear Colleague

Hounslow Language Service Consultation

Foreword

Further to a letter sent to schools and staff on 30 April from Judith Pettersen, I wish to repeat that:

'there is more work that needs to be done before any firm decisions can properly be taken. We need to carry out more consultation, and we need to complete a race equality assessment.....'

Meanwhile, we can assure you that HLS will continue in substantially its present form, and that its services will be made available to schools on substantially the current basis. This will apply both during the remainder of the school term that has just started, and during the autumn term.'

The purpose of this document is to explain the reasons why the Council is considering changes to the funding of the Hounslow Language Service (HLS), to look at some of the possible implications of those changes, and to seek your views on these matters.

The document is being sent to: Headteachers of all schools in the borough; Chairs of governing bodies; all staff of HLS; recognised trade unions; and relevant community groups and is copied to Schools' Forum . Further copies can be obtained from manjit.brah@hounslow.gov.uk. The document can also be found at www.hounslow.gov.uk/consultations.

I want to emphasise that at this stage no final decisions have been taken about the issues covered by this consultation.

The next section of this document tells you how to respond to the consultation, and when you should do so. Schools will also be asked to complete a form setting out their likely choices under various options for the future.

Introduction

The basic proposal upon which we are consulting is that most or all of the costs of HLS should be met from schools' delegated budgets. This would leave schools the autonomy to use external grants and resources as they saw fit for the purpose of ensuring provision for pupils with additional language needs. However, it would also mean that the Council ended or reduced its current subsidy to HLS from its central funds, and that might have implications for the future of the service, depending on what schools then chose to do.

We have already carried out some consultation about the future of HLS. Both the consultation and our own work have thrown up a number of issues concerning the financing of HLS and its relationship with school budgets which were not fully anticipated at the outset. Views have also been expressed to us that the existing consultation was insufficient. Therefore, we are seeking your opinions afresh. **Even if you responded to the previous consultation, please give us your views now, in the light of the further information contained in this document.**

As well as carrying out more consultation, we need to complete a race equality assessment. Therefore, one of the particular respects in which we want to have your views is how the possible changes to the funding and content of HLS might impact upon equality of opportunity for the sections of the community who make use of the service.

When we first began the consultation process, we anticipated that the necessary steps could be taken in time for the Executive to take the relevant decisions at a meeting in May or June 2009. We no longer think that is realistic. We are committed to ensuring that decisions are taken properly, with an open mind, and on the basis of proper information. This consultation is intended to last for a further five weeks, before a report goes to the Council's Executive in July. Whilst we currently believe this to be a realistic timetable, the matter will be kept under review. We do want to keep to this timetable if we can: we are mindful of the welfare of all staff in this process, and would wish for there to be a process that can inform both schools and staff of decisions made by the end of the summer term. That is what we would like to work to.

Your views about all aspects of the proposals are welcome. We welcome, in particular views about implications of the proposals for the Council's duties concerning the elimination of unlawful racial discrimination and promotion of equality of opportunity, which will be subject of a racial equality impact assessment before decisions are taken.

In order to reach final decisions promptly and reduce uncertainty, this is both a consultation both about what the Council should do in terms of the future funding of the service, and an exercise in finding out what decisions schools are likely to make about use of their delegated budgets under a range of scenarios. The extent to which schools are likely to buy back the service under various options will determine to what extent and in what form the central service continues to exist. To aid their deliberations schools will receive financial information separately from Rehana Ahmed and Manny Vazquez, Heads of Service.

We are asking schools, as well as expressing views about the proposals, to complete the form which has been sent to Headteachers along with this document. Whilst I know that some schools

do not buy into the service at the moment, or are intending to withdraw from the service in any event, we would be grateful if ALL schools could respond. Please complete the form regardless of what you stated about your intentions in response to the previous consultation: those earlier responses will be disregarded now.

PLEASE ENSURE THAT ALL RESPONSES TO THE CONSULTATION, INCLUDING SCHOOLS' RESPONSE FORMS ABOUT FUTURE INTENTIONS, ARE RETURNED TO manjit.brah@hounslow.gov.uk BY 12 NOON ON July 13 2009. If schools, staff and other colleagues are able to complete their responses before that date we would be most grateful.

Responses should be sent to: Manjit.brah@hounslow.gov.uk or by post to

Nina Dhokia
Children's Services & Lifelong Learning
Civic Centre, Lampton Road
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0208 583 2903

Background

Hounslow Language Service currently has a staffing establishment of 106 teaching and management staff. Of these, 87 are teachers and 19 are language assistants. HLS employs teachers and teaching assistants directly and deploys them in schools. The service is responsible for the management of these staff. Of the 87 teachers, 46 have teaching and learning responsibility points and support the performance management of other staff. Amongst the 106 staff is the equivalent of 9.5 full-time posts having a central role and strategic responsibility for the management of the service and activities such as training.

Regular training is delivered both for service staff to keep them up to date and for school staff. This includes courses for NQTs, Advanced Learners courses, Refugee courses and the Raising Achievement of Bilingual Learners course.

The service provides mother tongue assessment for new arrivals as well as support for SATs, parents' evenings and other school events. Curriculum resources and loan packs are available for hire to schools to support students who have English as an additional language (EAL). In addition to the teaching and regular support available specialist advice is available to schools when required.

In addition to helping schools and EAL pupils overcome barriers, HLS staff ensure pupils' integration and inclusion in the school community. In this way, HLS plays an important role in delivering Hounslow's community cohesion agenda.

Financial background

In the financial year 2009/10 HLS has a gross budget of £3.934m. The most significant expenditure relates to salary costs and there is a small budget for running costs.

The funding for HLS is made up of the following sources:

2009/10 Budget	£000
Sources of Funding	
Buy Back	2,605
DSG	191
Teaching and Learning Responsibility payments	
EMAG (centrally retained)	432
<i>Fees and charges</i>	20
<i>Hounslow funding</i>	686
Total	3,934

Some of these funding sources are explained further below.

The Ethnic Minority Achievement Grant

The Ethnic Minority Achievement Grant (EMAG) is a ring fenced grant allocated on a needs-based formula to all local authorities in order to improve the achievement of black and ethnic minority pupils. It is also intended to cover additional support to meet specific needs of bilingual learners and underachieving pupils. Local authorities may retain up to 15% of their allocation to deliver central services, and the remainder of the allocation is delegated to schools. If a local authority chooses to retain EMAG centrally, it must use that retention to:

- Develop effective school improvement strategies to monitor the use of the grant; and to
- Ensure schools have mechanisms in place for measuring EMAG's impact on pupil attainment.

The total EMAG for Hounslow is something over £2.884m. The Council retains 15% of this (£432,000) to deliver central services. This money is used for HLS. The remainder of the EMAG allocation is delegated to schools. The primary and secondary schools are allocated a total £2.115m on the basis of a needs-led formula, and each school's share of this allocation is the amount which is charged to each budget if it decides to buy into the full HLS service. The remaining £337,000 is provided to schools to deal with underachievement of ethnic minority pupils (UMEP), and the schools then decide how to use this money.

Dedicated Schools Grant

The Dedicated Schools Grant (DSG) is a ring-fenced central government grant to local authorities that can only be spent on schools and related activities. It is the principal source of funding of schools.

Grants totalling £461,000 in respect of mother tongue services, language services and services for asylum seekers are allocated to schools from DSG through the Council's schools funding formula. The basis of the allocations and drivers within the schools funding formula is agreed by a working group of headteachers and officers and agreed by the Council's Schools Forum. Depending on the outcome of the consultation there may be a need to consider how these monies should be reallocated to the schools. The LA would need to present this to the schools forum for consideration. The Director of Children's Services sent a letter to all Headteachers on 23 March 2009 to respond to a survey that PricewaterHouseCoopers is undertaking on behalf of DCSF to review the funding levels of Additional Educational Funds in the DSG element of which the £461k is part of. Either way there may be some funding changes.

The DSG makes a further contribution of £191,000, to meet the additional payments needed for the teaching and learning responsibility payments (TLR). This was previously a ring fenced grant that has now been included within the DSG.

Buy-back charges

Currently, all except six schools choose to buy back the HLS service from the Council on the basis of a Service Level Agreement.

The amount currently charged to schools for buying back the service totals £2.605m. This is made up of the £2.016m EMAG allocation, price increase of £128,000 and £461,000 from the DSG.

Fees and charges

The fees and charges of £20,000 arise as a result of HLS providing ad-hoc buy-back services and external charges to other local authorities.

Hounslow funding

Currently, the Council makes a funding contribution of £686,000, amounting to 17.4% of HLS's total budget, in addition to the centrally retained EMAG monies. It needs to be emphasised that the level of funding can vary from one year to the next, as a result of changes in variables such as the level of the EMAG allocation from the government, or the total HLS staffing costs (recently slightly reduced as there have been a number of corporate voluntary redundancies). In the main the level of funding has been between about 14% to 18% of the HLS budget.

Service Level Agreements

The schools initially need to decide whether they wish to buy into HLS or not. Once decided for schools buying into the service, it is assumed that whatever EMAG and DSG allocation is made (based on a needs assessment) that these monies will then be utilised in full to purchase HLS Services.

Primary and Secondary Schools buy into a range of teaching and language assistant posts according to their school needs and the formula agreed with the HLS Head Teachers' Steering Group. In some cases to ensure continuity of teaching provision staffing costs needs to be averaged out, therefore teachers are placed not on need but continuity of the teaching provision.

Schools buy into Primary and Secondary School Co-ordinators, Deputies, Department Teachers, Support Teachers and Language Assistants. HLS also cover for staff absences.

Hounslow Language Service Teaching Staff provide:

- EAL teaching and support for targeted pupils and advice/inset relating to EAL
- Pupils' needs. EAL Assessment needs analysis, target setting and monitoring of pupil progress.
- EAL pupil achievement and monitoring database;
- Support for EAL target pupils in the National Strategies.
- Bilingual and EAL support for the Foundation Stage/Early Years/KS1.
- Teaching support for EAL Option groups, GCSE, etc.
- Support for Refugees/New Arrivals;
- Assistance with admission, home/school links and pastoral support.
- A contribution, via the HLS EAL/EMAG action plans, to School Improvement Plans.
- Peripatetic teaching support for isolated EAL pupils/schools with small numbers.
- Development and dissemination of specialist EAL curriculum resources and access to the HLS Resource Centre.
- Support for EAL e-learning and multilingual ICT development.

Buyback also gives schools access to the HLS Central Service, which provides:

- Assessment and monitoring of achievement of targeted EAL pupils via School/central HLS database.
- Specialist EAL advice, support and training.
- Multilingual Advisory visits (pro rata according to HLS EAL New Arrivals data and school banding).
- Additional teaching support linked to specific HLS EAL Project work on DCSF initiatives.
- Peripatetic support teaching for isolated pupils and schools with smaller numbers.
- The development and dissemination of a wide range of EAL and multilingual curriculum resources across schools, including EAL e-learning and multilingual ICT.
- Quality Assurance procedures and Performance Management to ensure the effectiveness of Service delivery.

There is one secondary school and 5 primaries which do not currently buy back. They provide relevant learning resources from their allocated grants and delegated budget.

Costs of HLS and Budget Pressures on the Council

As set out above, the total gross costs for HLS in 2007/08 and 2008/09 were £3.9m, and the Council is currently making a funding contribution of £686,000 per year, over and above specific grant funding received.

The Council has to decide whether it is right to continue this funding at a time of budgetary constraints.

The Government has decided to limit the amount of Revenue Support Grant that the Council is to receive, so that the grant paid will not keep pace with normal inflationary increase in the Council's costs. Additionally, compared with other local authorities the Council has retained very limited balances in its General Fund. The Council has also been forced into a position of setting a higher than average council tax compared to other boroughs and the present administration has an objective to rectify this.

At the same time, government initiatives which include Schools for the Future have imposed real additional expenditure requirements which need to be funded by savings elsewhere in the Council's budgets.

All this adds up to a necessity to identify and action efficiency savings in the Council's budget. The Council needs to decide whether some of those savings should be found through ending or reducing the funding contribution to HLS. If that happens, then either the money saved will have to be made up through increased buyback charges to schools, or else the HLS budget will have to be reduced.

When the full Council was required to set its budget for the 2009/10 year, at its meeting on 3 March 2009, and was seeking required efficiency savings, it proceeded on the assumption that the subsidy for HLS would be removed with effect from September 2009, so generating a saving of £517,000 during the current financial year. However, actual decisions about service provision are for the Council's Executive to take. It has also become apparent since March that further consultation and further assessment of the impact of any changes to the funding of HLS were required before a final decision could properly be taken. We are therefore fully committed to approaching the decisions which will have to be taken in the light of this consultation with an open mind. A specific commitment has already been made not to implement any changes in the funding of HLS at least until after the end of the coming autumn term, if such changes are to be made at all. If the Executive comes to a conclusion about the right way forward which cannot be accommodated within the existing budget, the matter will be referred for further consideration by the Council. Having said that, the pressures on the Council's finances described above are not ones which can simply be ignored.

Recovery of overhead costs/efficiency savings of trading units

There is an additional costs issue that needs to be addressed.

The Council employed the services of KPMG to undertake a council wide review of cost during 2007/08 and 2008/09. As part of this exercise they reviewed the cost of all Children Services and Lifelong Learning discretionary services. A significant percentage of these services (nearly 40%) are traded directly with schools. KPMG tried to ensure that the price paid by schools appropriately reflected the cost to the Council of providing them i.e. that schools were paying for the full cost. Their finding was that the cost of corporate overheads (IT, Buildings, finance, legal etc.) was not included in the cost of the discretionary service and was therefore not recovered within the prices charged to schools. KPMG calculated that approximately £560,000 of corporate overheads were applicable to that part of the discretionary services that were traded directly with schools. To this end during 2008/09 and 2009/10 the prices charged to schools for most traded services provided by the Council were increased to reflect the increased costs associated with corporate overheads. However, at that time no such increase was made in relation to the charges for buyback of HLS.

Alongside the work on overhead charging KPMG also thought that a larger percentage of Children Services and Lifelong Learning discretionary services currently funded by the Council could be traded directly with schools. As well as this KPMG suggested that there were savings to be made from providing those services already traded with schools more efficiently. Their calculations suggested that the Council could save in the region of £385,000 this way.

The combined total of these two KPMG savings targets is £945,000, of which about £695,000 has so far been achieved, leaving a balance of £250,000 still to find. The total overhead costs associated with HLS are approximately £490,000, of which approximately £294,000 is attributable to services that are bought back. However, prior to the present consultation about the future of HLS it was decided to limit the recovery of overheads through increased charges for HLS to the £250,000 of the total savings identified by KPMG that was still to be found.

When considering the future pricing strategy to schools for HLS, it will have to be borne in mind that the charges currently being made for this service still do not reflect its proposed £250,000 share of overhead costs.

Schools' budget surpluses

In deciding what approach to take to the future funding of HLS, one factor that the Council has to consider is the extent to which schools would be in a position to make up the funding difference if the Council removed or reduced the contribution from its central funds.

The Department for Children Schools and Families states that effective and planned use of balances by schools is a central principle of financial delegation to schools and supports good financial management in schools. Schools with excessive balances, however, are a legitimate concern of other schools as well as central and local government.

As reported to the School's Forum on 11 February 2009 as at 31 March 2008, individual balances on Hounslow school budgets range from a cumulative overspend of £231,000 to a cumulative underspend of £873,000. Within the primary sector the range is £22,000 overspend to £332,000 underspend; in the secondary sector £231,000 overspend to £873,000 underspend; and in special schools £6,000 overspend to £878,000 underspend. The tables below show the ranges and percentage (overspends)/underspends more fully.

Primary Sector

Primary Cumulative Reserves Range	Number of Schools
(£25k) - £0	3
£0k - £5k	1
£5k - £20k	4
£20k - £50k	4
£50k - £100k	11
£100k - £150k	18
£150k - £200k	8
Over £200k	10

Primary Reserves as % of Budget Allocation	Number of Schools
-3% - 0%	3
0% - 8%	13
8% - 10%	7
10% - 15%	15
15% - 20%	11
Over 20%	10

Secondary Sector

Secondary Cumulative Reserves Range	Number of Schools
(£250k) - £0	1
£0k - £100k	3
£100k - £200k	2
£200k - £300k	2
£300k - £400k	4
Over £400k	2

Secondary Reserves as % of Budget Allocation	Number of Schools
-5% - 0%	1
0% - 5%	7
5% - 10%	5
Over 10%	1

Special Sector

Special Cumulative Reserves Range	Number of Schools
(£10k) - £0	1
£0k - £50k	1
£100k - £200k	1
£200k - £400k	1
Over £400k	1

Special Reserves as % of Budget Allocation	Number of Schools
-2% - 0%	1
0% - 2%	1
15% - 20%	2
Over 50%	1

How far are the existing HLS arrangements providing value for money?

Hounslow is one of the few remaining local authorities continuing to support schools with a subsidy to deliver an EAL teaching service. Research from other local authorities shows that schools manage their EAL pupil needs within the allocated EMAG grant and their delegated schools budget.

Information received from other London Boroughs indicates that whilst there are a range of consultants/advisers used to manage a language service; teaching staff and teaching assistants are normally employed by schools.

What happens next?

When it comes to consider the position, the Executive will in effect have three options.

1. It may decide to proceed in the way that the full Council on 3 March assumed would be the case, i.e. that there should be no further central subsidy for HLS.
2. It may decide that there should be such a subsidy to a greater or lesser degree, and that funds be found from other areas in the budget.
3. It may decide that there should be further funding for HLS and that such funding is not available within the budget as it currently stands, or ought not to come out of the monies that are available. In that event the matter will become one for the Council to decide.

Whilst making its decision Executive will also take into account the overhead charges apportioned to HLS following the KPMG review, and will need to decide whether those charges should be recovered through the HLS budget.

If the Executive decides not to maintain the status quo, so that increased charges would have to be made to schools in order to maintain the existing level of service, then the Executive will need to form a judgment about what level of buyback would be likely at different possible charging levels. Obviously, the fewer schools decide to buy back the service, the greater the charges which would have to be made to each school. In practice, there is a minimum level of take-up that would be required to sustain a viable central service at an affordable price.

One possibility would be to reduce the central service to a core team providing monitoring and training, with or without a Council subsidy for that purpose.

Your views

We want to hear your views about the options set out in the previous section, and the reasons for those views.

You can comment on any of the matters raised in this document, and make any other points that you think are relevant to the decisions that have to be taken. Any evidence that you can provide in support of your opinions will be particularly useful.

You may want to let us have your views in response to the following questions in particular:

1. Should the status quo be maintained? Why should HLS be a higher, or a lower, priority for the Council's limited financial resources than other services?
2. Does HLS in its current form provide good value for money?
3. Should the grant methodology including the allocation of the Underachievement of Minority Pupils (UMEP) and teacher ratio be reviewed?
4. If the Council needs to remove or reduce its subsidy and/or to recover overhead costs in respect of HLS, should it aim to:
 - (a) Maintain as much as possible of the existing service and charge full unsubsidised costs to schools;
 - (b) Reduce the central service to a core team providing monitoring and training;
 - (c) Wind up HLS as a central service and allow schools to use their delegated budgets to obtain relevant services as they think best; or
 - (d) Take some other approach.
5. What would the impact of any such changes to the funding and organisation of HLS be upon standards and upon equality of opportunity?

In the case of schools, we also need you to tell us whether you would buy into the service in January 2010 and subsequently. You will appreciate that the final amount of charges will be based upon different possible rates of take up, which we will not be able to quantify until we know how many schools choose to take up the service and at what level. You will be provided with staff costs and grant allocations within the next week to give you an understanding of the background costs of the service.

If you wish to speak to any officer regarding this letter please contact

Susan Williams – Senior Adviser on susan.williams@hounslow.gov.uk

Shenis Hassan – Project Manager on Shenis.hassan@hounslow.gov.uk

John Reece – Human Resources Business Partner on john.reece@hounslow.gov.uk

Manny Vazquez – Head of Hounslow Language Service Secondary on manny.vazquez@hounslow.gov.uk

Rehana Ahmed – Head of Hounslow Language Service Primary on Rehana.ahmed@hounslow.gov.uk

Kim Bergamasco - Assistant Director CSLL on kim.bergamasco@hounslow.gov.uk

Point of contact for anyone without e-mail access:

Nina Dhokia
Children's Services & Lifelong Learning
Civic Centre, Lampton Road
London, TW3 4DN
0208 583 2903

I thank you, the HLS staff and governors for your patience in this matter.

Yours faithfully

A handwritten signature in purple ink that reads "Kim Bergamasco". The signature is written in a cursive style.

Kim Bergamasco
Assistant Director
Universal Services

Hounslow Language Service (HLS) Consultation

5 June 2009

Please indicate if you are responding as a -

School – (name of school)

Member of HLS staff – (name)

Member of a community group – (name)

Trade Union – (name)

Based upon the information received in the letter dated 5 June 2009 I/ we would wish the following options to form part of the response to the Equalities Assessment to be considered by Executive of the council in July 2009.

1.	Should the status quo be maintained? Why should HLS be a higher, or a lower, priority for the council's limited financial resources than other services?	
2.	Does HLS in its current form provide good value for money?	

3.	Should the grant methodology including the allocation of the Underachievement of Minority Pupils (UMEP) and teacher ratio be reviewed?	
4.	If the council needs to remove or reduce its subsidy and/or to recover overhead costs in respect of HLS, should it aim to:	
	a) Maintain as much as possible of the existing service and charge full unsubsidised costs to schools;	
	b) Reduce the central service to a core team providing monitoring and training;	

	<p>c) Wind up HLS as a central service and allow schools to use their delegated budgets to obtain relevant services as they think best; or</p>	
	<p>d) Take some other approach.</p>	
<p>5.</p>	<p>What would the impact of any such changes to the funding and organisation of HLS be upon standards and upon equality of opportunity?</p>	

In the case of schools, we also need you to tell us whether you would buy into the service in January 2010 and subsequently. You will appreciate that the final amount of charges will be based upon different possible rates of take up, which we will not be able to quantify until we know how many schools choose to take up the service and at what level. You will be provided with staff costs and grant allocations within the next week to give you an understanding of the background costs of the service.

Signed

Dated

Please return to manjit.brah@hounslow.gov.uk by 13 July 2009

Or by post to

Nina Dhokia

Children's Services & Lifelong Learning

Civic Centre, Lampton Road

London, TW3 4DN

020 8583 2903